File No. 93 & 1919
S.F. & G.C. 25, 29, 31 & 34

App. F. IX-4

1929-2[redacted]

File No. G.F. 93

Previous References (G.F.)

Serial Nos. 25, 29, 30, 31, 32, 33, 34

Later References

Reserve
MA 19.6.63

General and Revenue Secretariat.

Serial Nos. Seven.

Part B for Jan 2 1929

SUBJECT

Submits the report of the Committee in the matter of increasing the resources of the Bank of Nova Scotia and of enhancing its usefulness.

AL 8/2.

G. R. S. III—1] 1919. 1

GENERAL AND REVENUE SECRETARIAT.

(97.)

NOTES.

File No. 93-19.

File Heading.

Mysore Bank Ltd

From

The Secy. Mysore Bank Advisory committee.

No. Dated 5-5-20. Received 6-5-20.

Diary No. 5-117	Enclos.	Spare Copies.	Serial No. 19.

Brief Abstract of Letter.

Submits the report of the committee in the matter of improving the resources of the Bank and of enhancing its usefulness.

NOTES AND ORDERS.

Letter with the references.

The question of the rate of interest on the fixed deposits in the Mysore Bank referred by council to the committee may also be considered in the committee's report

Notes—First Sheet.

WD 1232—GPB—20,000—18-11-15

WD 1233—GPB—60,000—1-12-16—S.

3719 2

G. R. S. III-2]

General and Revenue Secretariat. | 97 File No. 75 of 1917.

Serial No.

it [illegible] ... it also put up the loan of 1 lakh granted to the Bank temporarily for opening a branch at Sagar has been temporarily [illegible] ... The file relating to ... [illegible]

[illegible] 18/6/20

Secy) 6/5

... Committee's report ... put up for perusal. The case will be worked up and put up for orders in the usual course.

5-5-20

Do (Secy)

Genl Asst, Revenue Secy

ordered the higher appeal system.

18/6/20

Secy)

18/6/20

To facilitate disposal of ... put up.

16-6-20

Dewan Bhd

Draft memo.

18/6/20

In many Counties are required in the draft. Otherwise it seems suitable. maybe Circulated Lieut Governor with the Divisional Commissioners

Appl. 16

DEWAN'S OFFICE. Recd. on MAY 6 1920 Reg. No. 7521

DEWAN'S OFFICE. Recd. on JUN 15 1920 Reg. No. 8176

Note—Contin. sheet.

R. S. III-2]

General and Revenue Secretariat.

File No. of 19

Serial No.

R 496

3

R.R 3
10.8.20

Where is the Draft sent to Bank of Mysore pending? —

Receipt with Compts —

417
10.8

Forwarded to the Revenue Secretary to the Dewan with Compliments

DEWAN'S OFFICE.
Recd. on AUG 22 1920
Reg. No. 4014

(8-0-C. No. 64).

I beg to submit the bill Herewith —
11-8-20

The Dewan was of opinion that the disposal of the bill may be delayed till after the Loan Operations so that Govt. may be able to arrange from par further help may be given to the Bank

I think they have against the Bank Rs
may be Considered
The Chief Secy in C/Y Council
Bank 13.8.20

NOTE—Cont.

(For Disposal at a Meeting)

No. C. 122

.....19.7.....

GENERAL AND REVENUE SECRETARIAT.

Council Matter.

SUBJECT.

(Clause xii of the Schedule.)

Report of the Committee appointed to examine the position of the Bank of Mysore.

CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

C Balasundaramayya
Chief Secretary to Government.
18/8

..... 16th August. ...19.20.

Extraordinary Member of Council.

First Member of Council. Seen.

1120-119 Second Member of Council. Seen
19.8.20 20.8.20

1303 Third Member of Council.
20.8.20. 20/8

C. 122

Subject. - "C" - 5.

Report of the Committee appointed to examine the position of the Bank of Mysore.

...

Opinion of the Council.

2/9

Partly discussed.
Draft to be revised omitting Industrial finance (to be reserved for separate order).

CBS

To

The Secy. to Govt., Financial Dept., with compliments

CBS

A/s. Jun please put up revised draft. 3/9

3.9.29

The revisions to be made in the draft already put up have been indicated in pencil. If these are approved, the draft will be resubmitted to Council after effecting the alterations neatly in ink.

H Sreen) omit (3) in the Preamble & the whole of para 4 on Industrial finance

796

5

G. R. S. III-2]

General and Revenue Secretariat. | File No. | of 19

Serial No.

and insert a new para (no 8) as in pencil.
The fair draft as revised may be
adopted.

Typed out & sub'd. In para 4, the date
of submission of the report has to be
changed.

End of October has been proposed
9720 in the draft. Revised draft sub'd

10/2/20

PC Secy)

To the Chief Secy, Govt
Secy E and A — for info

10.2.20

1043
18/2

No objection to the
draft as now modified being
issued at once the question
of industrial finance being
separately dealt with

CJB
Re-circulate
as
20/2

GGJ.
18/2.

NOTE—Contn. sheet.

C. (17)

(For Disposal at a Meeting)

No. C. /22

.....1920.21

GENERAL AND REVENUE SECRETARIAT.

Council Matter.

SUBJECT.

(Change art of the Schedule.)

Draft order in connection with the Report of the Committee appointed to examine the position of the Bank of Mysore.

RE-CIRCULATED TO THE MEMBERS OF COUNCIL,
with reference to Council Instructions.

By Order,

C S Balasubramanyam
Chief Secretary to Government.

.....22nd September.....1920.

Extraordinary Member of Council.

152/24/9 **First Member of Council.** 1935-155 24-9-20 Seen as ref to the Chairman and he omitted reference 9.

1935-155 24-9-20 **Second Member of Council.** Seen 28.9.20

2054 28.9.20 **Third Member of Council.** 28/9

6

Extract from the Proceedings of the 544th *Meeting of the Council of His Highness the Maharaja, held at Mysore on the* 9th October 1920. ~~19~~

152. Subject. - Clause xii of the schedule.

Report of the Committee appointed to examine the position of the Bank of Mysore. (C.F.93-19-19).

OPINION OF THE COUNCIL.

The draft order may be approved.

(Signed) M. Kantaraj Urs,
Dewan of Mysore.

"EXTRACT"

Chief Secretary to Government.

GRSM. 508

796

C 122

G. R. S. III-2]

General and Revenue Secretariat.

67 File No. of 19

*23. As soon as circulation is complete and the opinion of the Council is recorded, the file will be forwarded to the Secretary in the Department concerned for transmission if need be to the Financial Secretary under Standing Orders and for submission to the Dewan or Member in charge.

Extract from the Proceedings of the Council is put up.

Forwarded with compliments to the Secretary to Government Financial Dept. under *Rule 23 of the Subsidiary Rules of Council Business.

By Order,

Chief Secretary to Government. 14/10

D... OFFICE,
... Dept.
Reg. No. 3240

Please pompup D&N
Mmch 13-10-20

D. J. N. Mmch.

W.S. 14.10. Dewan) Mmch 14 10 20

TSR 15/10

NOTE.—Cotn. Sheet.

WD—307—GPB - 1,000—18-8-19

Submitted to His Highness.

With His Highness' sanction a committee consisting of the First Member of Council (Chairman) and twelve members was appointed to examine the position of the Bank of Mysore and to submit recommendations for increasing its resources and enhancing its usefulness.

2. The Committee accordingly held four sittings and submitted their report on 3rd May 1920 and the report deals with the following matters:-

(i) Increasing the capital of the Bank to fifty lakhs.

(ii) Opening up of branches at the headquarters of every District and also at all other important trade centres.

(iii) Appointment of a Committee for considering the question of transferring Government Treasury work to the Bank.

(iv) Transfer of public debt business to the Bank.

(v) Constitution of a Committee to draft revised memorandum and articles of Association.

(vi) Government representation on the Directorate and

(vii) Industrial Finance.

3. The subject was considered at two sittings of the Council and it was resolved that the draft order dealing with matters Numbers (i) to (vi) may be approved. The question relating to Industrial Finance has been reserved for separate consideration.

4. The Resolution of the Council may be graciously sanctioned.

Neville Chamberlain

15th Oct.
1920

C. 122 16

Record of Cases submitted for the Orders of His Highness the Maharaja

Subject.

Proposals for increasing the resources and for enhancing the usefulness of the Bank of Mysore.

522

Returned with D.O letter No 111 dated 20-10-20

Order.

~~K.P.W.P~~

18/10/20

G. R. S. III-2]

General and Revenue Secretariat. | File No. | of 19

Serial No.

(*)

31. All urgent or confidential files returned with His Highness' orders may, in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the Members of Council at headquarters and then sent to the Secretariat concerned for the issue of orders.

Circulated to the Members of Council for perusal of

His Highness' orders ~~before~~ / ~~after~~ issue of orders. (*Vide* Rules 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

Chief Secretary to Govt.

Through the Secretary to Government,

.....Financial.....Department.

FIRST MEMBER OF COUNCIL

SECOND MEMBER OF COUNCIL

THIRD MEMBER OF COUNCIL.

To the Financial Secy. q.s. compliments.

NOTE.—Contn. sheet.

D 796

12

G. R. S. III-2]

General and Revenue Secretariat. | File No. | of 191 (

Serial No.

The committee appointed for working out the details of the transfer of the Treasury work to the Bank, was requested to submit their report before the end of Jan. 1921. Reminder sent as it has not yet been received.

Issued
Ltd (Report is awaited since received) 15/2

From the Revenue Secretary, G.O. 15-2-21 - Authority has been accorded to the suggestion of handing Treasury work to the Mysore Bank. Issued for orders. Attention is invited to the penultimate sentence in para 2 stating that the comptr. has promised to send a list of cases in which the Bank may be permitted to receive private pay-

NOTE—Contn. sheet.

13

G. R. S. III-2]

General and Revenue Secretariat.

. File No. of 19

Serial No.

ment direct

The recommendation of the Committee to appointed to consider the details regarding the transfer of the treasury business to the Bank of Mysore is that the scheme may be tried in Bangalore in the first instance for a period of one year, - the question of extending it to other stations being deferred for the present.

2. The treasury officer is then alone and his accommodation is proposed by the Committee have to be provided in the present district office building or in the new block under construction in the district office compound, very close to the Bank building, with a view to avoid as far as possible inconvenience to the public, having transactions with the treasury.

3. In, view the transfer of cash work to the bank, there will be more relief to the treasury officer and as that officer will have his office shifted to the district office premises, opportunity may perhaps be taken to reduce one Assistant Comptroller also retaining only the Cashier for the Town Treasury from the Comptroller to the Treasury Deputy and, one of the officers according to the Deputy Commissioner, their choice viz., his personal assistant or the City Sub-Registrar being

NOTE—Contn. above

up in[illegible].

3272

16

G. R. S. III-2]

General and Revenue Secretariat.

G.A- File No. 73 of 19 15.

Serial No.

appointed Treasury Officer in addition to his other work. The Revenue Secretary, the Deputy Commissioner and the Sub-Treasury Officer may be consulted on this point.

4. As regards the extra staff for this work, now charged to the Sub-Treasury Officer, the Committee's proposal is not definite. The opinion of the Treasury Officer and the Deputy Commissioner may be invited.

26/1 21/2 Yescy.)

18 18/2

The opinion of the Rev Comr, the Dy Comr & the Kangra Comr may be called for as suggested above. Please consult the Comptr also re transfer of S/A Treasury to the Control of the Rev Dept.

Amb 22-2-15

Putrid draft. AS 22.2.

I opt. hold. After this, the file may be sent Pro-to Comptr.

hol 22/2.

NOTE—Contn. 3]

G. R. S. III-2]

General and Revenue Secretariat.

File No. 9 of 191 9.

Serial No. 30

[illegible] from the Rev. Comr. [illegible] a letter from the Pay [illegible] stating that sufficient facilities exist at Uppar also for transferring cash work to the Uppar Bank.

Resubd. with clean dfts. to the Rev. Comr, The Dt. Magistrate, Bike, and the Stamp Comr. If approved, a line may be added in the letter to the Rev. Comr, asking him to enquire whether sufficient facilities exist at Uppar also.

Sd 24/2

The Dept. to Rev. Comr. is revised. As the Dy Comr. Bangalore will be consulted by the R.C, the Dept. to Dist. Magistrate seems unnecessary at this stage. It is desirable to consult the Comptr. Gen so that he may have full knowledge of the proposal of the Govt.

Secy

Enquire. Drafts to RC 24.2.21
Stamp Comr are put for approval. The Comptr. will be consulted U.O. from Govt

Dewan) 26.2.21
Offg Secy 4.3.21

DEWAN'S OFFICE.
Recd. on MAR 1 1921
Reg. No. 5639

NOTE—Contn. sheet.

2772/25/21

Serial No.

ISSUE AND SUBMIT

Issue.

18
5-3-21.

(1) H. 1821 8[illegible] 21 — To the Rev Govt — Requests to furnish report in connection with the proposal to close the Huzur Treasury.

(2) H. 5328, 8[illegible] — Stamp Govt — Submits his opinion re. the arrangement for Stamp Depot's work in event of the transfer of cash work to the Bank. Forwarded to the Comptroller for his comments for perusal of the foregoing note and return of his records and papers.

To
Accountant General
Bangalore

5-3-21

Rev Dept. 309/R 12-4-1921

The transfer of the cash work of the State Huzur Treasury to the Bank of Mysore will not reduce the work now performed in the State Huzur Treasury to such an extent as to render it possible to tack on this work to some other officer holding a regular charge. Even if this is possible, it is not desirable to transfer the treasury work of Bangalore back to the Revenue Department. It must be admitted that

NOTE—Contn. sheet.

Serial No.

that the nature of works of Revenue Officers is such that they can ill-afford to do full justice to the treasury portion of their work, and the treasury at Bangalore has got to account for very large receipts and disbursements. With the transfer of the cash transactions to the Bank, it is also proposed that in certain cases the bank may be permitted to receive and disburse moneys direct on Government account. The proper accounting of these sums in the treasury and the adoption of any precautions that experience might suggest, will have also to be considered and this requires that the work of the treasury must be under the guidance and control of an officer who is acquainted with the principles of audit and accounting and should not be tacked on to an officer like the City Magistrate of Bangalore or the Personal Assistant to the Deputy Commissioner who have their hands already full with their work.

2. The Revenue Commissioner's reply to the Secretariat enquiry in the matter also corroborates this view. But the remedy proposed by the Revenue Commissioner viz., that a full time Treasury Officer may be appointed and that he may be placed under the Deputy Commissioner the appointment of Huzur Treasury Officer under the Comptroller being abolished does not seem to me to be suitable. I have stated above

that

that the work of the Treasury under the new conditions should be under the control and guidance of the Audit Office. Besides under the arrangement suggested by the Revenue Commissioner there will be considerable inconvenience to the public who have to present bills in the Audit Office in the first instance, get them audited and present them at the treasury and after they are passed for payment by the Treasury Officer take them again to the Bank for encashment. This will lead to considerable delay and the public are sure to protest against such an arrangement. The bills paid at Bangalore are now preaudited, and if this procedure is to continue, as it ought to, it would be both necessary and economical to have instead of a Treasury Officer of the Revenue Department an officer of the Audit Department in whom both the Audit and Treasury functions may be combined.

3. If therefore it is conceded that the present system of pre-audit should continue and should if possible be extended there are only two alternatives for giving effect to the recommendation of the Committee; viz., that the accounting authority whether it is the treasury or the Audit Office should be as near the Bank as possible. The first alternative is for the whole Comptroller's office to move to a building

Serial No.

building very near the Bank. The new District Office under construction in the District Office compound can with some additions be made suitable for the whole Audit Office. The accommodation now available is just enough for the establishment and room will have to be found for records, stationery etc., in the District Office. If it is possible to remove some of the offices at present located in the District Office to the Public Offices and give the Audit Office the whole of the new building with some portion of the old building and arrange for its being fitted up so as to suit the requirements of this office, the Audit Office and the Bank will be near each other and this will be a very satisfactory solution of the whole problem.

4. If on the other hand, it is considered undesirable to remove some of the District Offices so far from the main District Office building some of the offices now located in the New Public Office can be moved into the old Public Office buildings and some of the District Offices transferred thereto.

5. If however, Government are not in favour of this scheme, the only alternative is to locate one of the Audit Officers in the new District Office buildings and give him all the work which is now being done by the Treasury Officer. The Audit

Officer

Officer will, in addition to the Treasury work, audit all bills payable at Bangalore and also arrange for the compilation of the District abstract. This will practically mean that the Audit Office will be split into two and that the two parts will be in different buildings far away from each other though in the same station. It is not a very desirable step and I would therefore prefer the proposal made above to shift the whole Audit Office. If this is not possible I would recommend the adoption of the second alternative as the next best. The Revenue Commissioner states that the Bangalore Deputy Commissioner reports that accommodation can be found for the officer entrusted with the duties of Treasury Officer either in the District Office building or the New Building in the compound.

6. The State Huzur Treasury Officer in his capacity as the Treasury Officer of the Bangalore District is in charge of the Stamp Depot of the Bangalore District. As Branch Depot Officer he is issuing stamps to the vendors in the Bangalore City and Bangalore Taluk and also to the Taluk Treasuries in the Bangalore District. Because there was the State Huzur Treasury in Bangalore, the District and the Taluk Treasuries at Bangalore were abolished

on

on the ground that one combined treasury could perform all the functions and that there was no necessity of splitting this work among three institutions. Applying the same analogy the work of the Bangalore Depot can well be performed in the Stamp Superintendent's office where there is a responsible supervisor and a large number of counters etc., who can deal with this work in addition to their work of distributing stamps among the District Depots. The State Huzur Treasury at present is also the District Depot for British postal stamps etc. Until other arrangements are made for this work the Stamp Superintendent will continue to do this work as with the transfer of the cash portion of the work to the Mysore Bank it will not be possible for the Audit Officer to look after this work in addition to his audit and accounting functions.

7. It is not possible for the Audit Officer to be Superintendent of Stamps ex-officio. Whether the whole Audit Office is transferred to the new building or whether only an Audit Officer is located there, it will not be possible for any of the Assistant Comptrollers to be in charge of the Stamp Superintendent's Office. Separate arrangement will have to be made for this work. The officer to whom the duties of the Stamp Superintendent will be assigned will also be in charge of the Opium and Ganja stock.

NOTE—Contn. sheet.

8.

G. R. S. III-2.

General and Revenue Secretariat.

G. D. File No. 93 of 1919.

Serial No.

8. The transfer of the cash transactions to the bank will no doubt reduce to some extent the work of the Treasury Officer who is a member of the Audit Office. But it is not possible on this account to reduce one of the Assistant Comptrollerships. I am submitting separate proposals for replacing the Mysore Treasury Officer by a member of the Audit staff which will set free one officer and it is not possible to make any further reduction in the Gazetted staff at Bangalore.

T. Satyanarayanaiya
Comptroller.

CV/11-4

As both the Resr cannot and the Compl are opposed to the 1st proposal, it will be allowed to drop.

The Compl's 1st alternative as a practical solution is out of the question. For the sake of transferring cash into the Bank, the existing arrangements of having the Compl's office in the P.O. close to the Head Cashier cannot be varied, nor can he be disturbed.

The 2nd alternative is preferable

NOTE—Contn. sheet.

G. R. S. III-2.

General and Revenue Secretariat.

File No. 92 of 19 17.

Serial No.

and the adoption of it would lead to a uniform arrangement being adopted both at Headquarters and elsewhere also. About the system which the Company ~~proposes~~ would have to adopt, his separate proposals are awaited.

The opinion of the Commissioner of Stamps in the matter of future arrangements for Stamping work of S. A. T. O. has not yet been received. This has also been awaited. also.

8226 13/4 Fiscal)

We may send for Stamp Commr's opinion 13.4.21 Sent 14.4.21

Sent with draft reminder

MKR 18.4.

TCR 16/4

Issued 25/4

P.T.O.

NOTE—Contn. sheet.

G. R. S. III-2.

General and Revenue Secretariat.

3.362 4976 14

G. 7 File No. 93 of 1919.

Serial No.	
	The Commissioner of Stamps.
	H 6467 & 26.4.21
	Requests the submission of the reply asked for in H 5632 & 20. 21 in connection with the arrangement of the Stamp Depot's work in the event of the transfer of cash work to the Mayura Bank.
34	From the Revenue Commissioner. No. C 1860/20.4 & 2.5.21.
	States that there is no objection to recommendation for the Dy. Officers and Asst. Officers in the Adhikaram Bank having charge of that office in addition to their own duties. The question of the arrangements in connection with the work before handing over the Dy. work to the Bank will be considered.
	Subd. with a nominal to the Stamp Commissioner to issue the P.U.D.
	MKR 4.5.21.
	Issued 5/5
	10/5

NOTE—Contn. sheet.

4976 25

G. R. S. III-2]

General and Revenue Secretariat.

G. 7 File No. 93 of 1919.

Serial No.

To. The commissioner of Stamps.

H 6459 & 16.5.21

Requests that the views & suggestions re the arrangement of work in the S.H.C. in the event of transfer of cash work to the Mysore Bank, may be expedited.

From the Commissioner of Stamps no. C.R 160/20-21 & 20.5.21.

States that the establishment of the Stamp Supdt's office together with the stock of stamps & blank water-marked papers may also be shifted to the H.Q. of new district office as the case may be & place under the control & management of the Dy. Officers concerned at present.

Submitted for orders

MKR 23.5.

23/5

The case is unique & a trial only is being allowed as regards the handing of cash work by the Bank by Mysore. at Headquarters. and Mysore — also —

NOTE—Contn. sheet.

Serial No.

2) As regards Bangalore, the Committee appointed to consider the details of the transfer recommend that the scheme might be given effect to from 1st July 1921. The Mysore T.O. and his staff being accommodated in the District office buildings there. The Dy Comm? Bangalore has agreed to provide accomodation for them in the old D? office building by re-allocation of the accomodation available in this and the new buildings to the Income Tax officers.

The Stamps Commissioner is agreeable to have the Stamps Supdg office together with the Stock of Stamps &c. shifted to the District office buildings, being of opinion that the Mysore T.O and Commissioner the Supdg of Stamps &c. office.

The Committee recommendation for the transfer of his bureau, the Bank, for the loan of the entire cash staff of the Mysore Try to it - as detailed in para 7 of the report, and for the removal of the Try Officer and his staff - with the old and stock of Stamps &c

NOTE—Contn. sheet.

G. R. S. III-2]

General and Revenue Secretariat.

SK File No. 93 of 1919.

Serial No.

to the District of this buildings — may be approved — This might form effect to from 1st July 1924, or any convenient date —.

3) In this connection the Revd Comm. proposes that the Try office at Bangalore might be placed under the control of the Dy Comm: — ~~to be in charge with the arrangement as~~ in other Districts, but this proposal the Comptr does not agree — As it is very clear that the Try office shd have some additional work entrusted to them to keep them fully employed, and as the Dy Comm: is not agreeable to the ~~reduction of the of his work~~ Try office work being placed in charge of the Dy's subordinate staff, there is nothing gained in disturbing the existing arrangement of having the Hegur T.O under the Comptr —.

Besides the present arrangement being in Bangalore also ~~and~~ with the adoption of a system of departmental checking audit functions, which the Comptr has proposed to adopt & is dealt with

NOTE—Contn. sheet.

G. R. S. III-2]

General and Revenue Secretariat.

File No. 93 of 1919.

Serial No.

in the Civil Hospital —

4) As regards the transfer of his business to the Bank at Mysore, the Resident proposes that it rights and the working of the Scheme at Bangalore is watched for another year.

But if the transfer of the Company for the Immediate winding up and the payment of Rs. like the approval of Govt., the transfer of Cash work to the Bank at Mysore also has the usual simultaneous.

Submitted for orders.

Please / I think the CI are thinking of placing FO's under the Army Dept. Please look up references if any available on this subject. I remember to have seen an allusion to this matter in some recent report of the CI or other authority of the GI some 10 to 21

NOTE—Contn. sheet

G. R. S. III-2]

General and Revenue Secretariat.

C7 File No. 93 of 1919.

Serial No.

No references are available. It appears the C. G. has the matter in view & reference to it in one of his lectures he delivered some time ago. The question is still it appears is still under Consideration

Hesey's note of 16.6.19.

Please see Hon. C.

Hesey) 18 2.6.19

Please ask Mr Srinivasaraja. Who will know fully the type counters

Hesey 18 21.6.19

SRS TSN 16/6

3848 30/6.

NOTE—Contn. sheet.

30

S. R. S. III-2]

General and Revenue Secretariat.

G. F File No. 93 of 1919-20.

Serial No.

Sub:- Transfer of Treasury business to the Mysore Bank.

The gradual transfer of the cash part of our

A Treasury work to the Bank of Mysore was contemplated even when the Bank was started. The Bank Committee

B has recommended that practical action may be taken to give effect to the original intention. According to the proposals of the Bank Committee, a committee consisting of the Revenue Commissioner, the Comp-

C troller and the Chairman of the Bank have recommended the transfer of Treasury work at Bangalore as the first instalment of the transfer.

D Marked file

The Comptroller has suggested a scheme for combining Treasury and audit work for the Mysore District with a view to simplify and expedite work. He has proposed that one of the trained Audit officers of his Department may be placed at the head of the combined Treasury and Audit Office to be located at the Mysore City and that a number of consequential changes in the existing procedure affecting treasury and audit work may be introduced to attain the above objects.

For some years past it has been realised both here as well as in British India that the methods of work of the Treasury and Audit Departments require to be reformed. The volume of transactions has enormously increased and the old methods of work are found to be unsuitable. It has been felt that some measure of

NOTE—Contn. sheet.

decentralisation

Serial No.

decentralisation is urgently called for. The Audit Department of the Government of India on which ours is modelled is one of the most highly centralised departments of Government and the concentration of work at Headquarters necessitates the adoption in most cases of the procedure of post-audit which is belated and sometimes ineffective. It has also been felt that the existing system involves, in some respects, duplication of work between the Treasury and the Audit Office and that in the interests of economy of cost time and labour, for which the need is so great, it is necessary to remove as much of this duplication as possible. I would, in this connection, invite attention to para 133 of the Audit and Appropriation Report

E of the Government of India for 1919-20 (extract appended for reference) which shews the direction in which the Government of India contemplate reforms in this respect.

A change of procedure in the direction recom-

D mended by the Comptroller is, I think, very necessary. He has recommended this change for the Mysore District But it would be well to try it in the Bangalore District for two reasons: (1) The first instalment of the transfer of treasury cash work to the Bank of Mysore will be at Bangalore. The Revenue Commissioner

F has stated that it would be well to see how such transfer

Serial No.

transfer works in Bangalore before extending it to Mysore, and, (2) Any difficulty that might be felt in introducing and working the new procedure can more -- easily be solved at Bangalore as the Comptroller himself is there.

Apart from the revision and readjustment of the procedure for giving effect to the new arrangement -- a matter which requires to be gone into very closely by the Comptroller -- there is the question of accommodation to be settled. The Committee which has repo: reported upon the transfer of Treasury cash work at Bangalore contemplated the location of the Treasury Officer and his staff in either the old or the new District Office buildings. The ideal arrangement is to have the treasury accounts branch within the Bank premises and I understand that the Bank authorities can provide the necessary accommodation for the ---- Treasury Officerand his staff in their new building.

The transfer of Treasury work to the Bank and the rearrangement of audit work between the Treasury and Audit Office will not involve any extra recurring expenditure. The contemplated reforms need not, therefore, be deferred on the ground of extra expenditure.

Before the scheme is brought into effect there is the all-important question of the measures to be taken to safeguard the fairly large Government balan-

ces

NOTE—Contn. sheet.

Serial No.

balances that will have to be entrusted to the Bank

G and this matter is under the consideration of another committee. If the transfer of Treasury work and the decentralisation of audit proposed are approved, the Comptroller may be requested to work out the details for giving effect to them and the reforms can be ---- brought into force early.

As it is proposed to entrust a large part of the audit work to the Treasury Officer, it will be inconvenient to give him the work of the Stamp Superintendent as well. In the absence of any other ---- arrangement, the Comptroller will have to depute one of his Assistants working in his own office to do the work of the Stamp Superintendent. There is, however, one inconvenience in this arrangement. Parties who have to get their documents stamped in the Stamp Superintendent's Office will have to go to the Treasury f paying the duty and then to the office of the Stamp Superintendent for having their documents impressed Under the existing arrangement, parties are not put to this inconvenience as the Treasury and the Stamp Superintendent's Office are in the same building.

The proposals requiring orders are the following:-

C (i) Transfer of cash work of the State Huzur Treasury to the Bank of Mysore on the lines propose by the Committee.

NOTE—Contn. sheet.

(ii)

General and Revenue Secretariat. | GF File No. 93 of 1919-20

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D

(ii) Decentralisation of audit work by transfer from the Audit Office to the Treasury. Details of this arrangement have to be carefully worked out and provision should be made for effective inspection by the Comptroller.

(iii) As a temporary arrangement, the duties of the Stamp Superintendent will have to be entrusted to one of the Assistant Comptrollers. As a permanent -- measure, it is desirable that the office of the Stamp Superintendent is located closer to the Treasury, that is, the Bank of Mysore and the Account Department relieved of this work.

(iv) The Bank to provide accommodation for the Accounts and Audit staff and for the officer in charg

(v) As proposed by the Comptroller, an officer of his Department to be placed on special duty for about two months to work out the details of the above arrangements.

14.11.21

Dewan

REGD. NOV 15 1921
No. 2802

NOTE—Contn. sheet.

35

(G. R. S. III-2]

General and Revenue Secretariat. | G. F. File No. 93 of 19/7

Serial No.

2802

The Comptroller has not submitted any proposals in connection with the transfer of public debt work to the Bank, as recommended by the Committee. I should like to know whether as a result of such transfer some retrenchment of staff will not be possible in the Comptroller's Office. I do not approve of the proposal to entrust the duties of stamp Superintendent to one of the Assistant Comptrollers. It is essential that the Office of the Stamp Superintendent should be located near the Treasury in the interests of public convenience. As the Commissioner of stamps is agreeable to the removal of the Stamp Superintendent's office to the District Office building, this work should also be entrusted to the officer placed in charge of the Audit and Account work.

Lucy

30.11.21

Fl.W.Co. 63-4-24

Forwarded to the comptr with ref. to the above orders. 30-11-21

A 1/12/4-24

NOTE—Contn. sheet.

28929 4449/14/80

FIN & REV 9 JAN 1922

H. 200
37-13-19-114
Dated 10-7-20.

Unofficial No. 6109/836 dated 5th January 1922.

The Public Debt Section of the Comptroller's Office has at present a sanctioned strength of 7 hands including the Superintendent (~~Copy of~~ vide Government Order No. (Margin) ~~annexed~~). The hands are employed as shown in the following distribution statement:-

The work that has to be done now is -

(A) Interest - 1. Audit of Interest Payments
2. Enfacement of Interest.
(a) within the State
(b) outside the State

(This includes examination of chain of endorsements)

The audit includes (1) Classification of Interest charges
(2) Posting Interest Audit Register
(3) Maintenance of Objection Books.

(B) Issues - 1. Renewal
2. Consolidation
3. Sub Division
4. Conversion into stock or vice versa

The maintenance of the above registers include the register of Cancellation.

5. Issue of certificate re. chain of endorsements

The above includes a very minute examination of the chain of endorsements.

6. Issue of half yearly interest warrants to Stock-holders.

2. We have already transferred to the Mysore Bank that portion of the work which could be very easily handled by them (viz) Payment of interest on Mysore State Loan Bonds held by the Bank itself either on its own behalf or on behalf of its constituents. This fact has been intimated to Government in No. 374 dated 22-8-21

3. The reduction in the strength of the Public Debt Section will depend upon the work which the Mysore Bank

is

37

is prepared to take up. Unless all the items of work enumerated above are transferred to the Bank, there can be no reduction in the establishment. Even when all the items are transferred, a Superintendent and a Senior Accountant in charge of the valuables etc received in this office would be necessary, the Superintendent with the aid of the Accountant being in charge of the Public Debt Section correspondence, the issue of duplicate -- Securities in cases of lost notes and of other matters in which the Comptroller is the final authority. The reduction in strength that could be effected if all the items of work are transferred to the Bank is 5 men maintained at a cost of Rs 4,236/- per annum. If any of the items continue to be done by this office, the number of men now allotted for such work has of course to continue.

4. In this connection, I would invite kind attention to letter No.2194/PD dated 6th May 1921 in which I have stated that it is desirable to postpone handing over the Public Debt work to the Bank.

5. The question of the Stamp Superintendent's Office location and work may be considered along with the question of transfer of Treasury work to the Bank. But it may be stated here that as the Account Officer to be stationed near the Bank premises for passing bills for payment at the Bank will have his hands quite full more especially if he is to be an Audit Officer also in accordance with the scheme outlined in my note No. 309/R dated 12th April 1921, it may not be convenient to entrust to him the work of the Stamp Superintendent in addition. I would suggest in this connection the desirability of transferring ~~it~~ one of the

38

the Revenue Officers or the Assistant to the Excise and Stamp Commissioner.

Comptroller.

To

The Financial Secretary
to the Government of Mysore,
Bangalore.

CV/5-1

Debt with reference to Board's order dt. 30.9.21

The Comptr is not in favour of transferring the Public Debt work to the Bank immediately and it is well to accept his suggestion and make over this work to the Bank after the arrangement in regard to the transfer of Cash work is tried for some time. The Public Debt work may be the Second instalment of work to be transferred

12-1-22

ACCOUNTS OFFICE.
Recd. on JAN 1922
Reg. No. 3805

G. R. S. III-2

General and Revenue Secretariat.

G. 7 File No. 93 of 1919.

4494 + 3463 37

Serial No.	
3805	In regard to the transfer of the "Public Debt" work, I think at least the payment of interest to all holders of Government bonds may be entrusted to the Bank instead of restricting this only to the Bank's constituents as is done at present. (vide Comptroller's note dated 5th Jan. 22- para 2).
C	The report of the Sub-Committee may be circulated to members for consideration at an early meeting. *

21.1.22

To the Chief Secy

24.1.22

CS 25/1/22

NOTE—Contn. sheet.

(For Disposal at a Meeting) as Early

No. C. 352

19...

GENERAL AND REVENUE SECRETARIAT.

Council Matter.

SUBJECT.

(Clause xii of the schedule).

Report of the Revenue Commissioner in connection with the proposed transfer of the Treasury work of Bangalore and Mysore to the Bank of Mysore.

CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

Chief Secretary to Government.

1st February 1922.

Extraordinary Member of Council. 13.2.22.

First Member of Council. 3.2

4115-85. 6.2.22. **Second Member of Council.** 7.2.22

3957 8/2/22 **Third Member of Council.**

Subject. -

Report of the Revenue Commissioner in connection with the proposed transfer of the Treasury work of Bangalore and Mysore to the Bank of Mysore.

.....

OPINION OF THE COUNCIL.

To be returned to Finance for further note by 25/2/22

To Finance with compts by 25/2

21st February 1920

To

The Chairman & Directors of

the Bank of Mysore, Ltd.

Gentlemen,

In view of the proposal of Government to appoint a Committee to consider the present position of the Bank, and consider ways and means for increasing its usefulness, I think it might be helpful if I submitted a general memorandum on the working and steady progress of the Bank since its establishment in October 1913, and the measures &c. I think suitable for its further development.

1. It is unnecessary for me to repeat here the figures showing the progress of the Bank during these past 6 years as the accompanying Chart clearly exhibits the various stages of advancement under the following heads of accounts.

Under liabilities:

1. Capital,
2. Reserve Fund,
3. Public Floating accounts,
4. Public Fixed Deposits,
5. Govt. Floating balances,
6. Govt. concession deposits.

Under Assets.

1. Cash & Investments,
2. Advances of all kinds,
3. Sundry Assets.

2. I, also, enclose a statement showing the Bank's turn-over in (i) the total amount of advances repaid by debtors to the Bank up to 31st December 1919 (ii) the total cash turn-over, and (iii) the net profits for each year. The most prominent feature in Chart 1 is the

steady progress made by the Bank under Floating balances and fixed deposits. It will be observed that Government balances show frequent and sudden fluctuations rendering their utilization impossible with safety. On the Asset side it will be perceived that Cash and Investments show a steady increase every year, and the percentage of cash to demand liabilities on 31st December was 72% The percentage to all liabilities, excluding the Government concession deposit, was 51%. If I treat the uncalled capital of the Bank of 10 lacs as a Reserve, which it undoubtedly is, our actual cash, investments and uncalled capital on the 31st December 1919 represented 55% of all liabilities, inclusive of Government deposits. This compares with 53% in the case of the Bank of Bengal and 51% for the Bank of Madras. The proportion of cash to Government balances on the 31st December 1919 was 288% as against 100% only required under the Government Agreement of March 1918, while the proportion of Government floating balances to public deposits of all kind was only 9½%. If I now take our total capital, including uncalled capital, and reserves the proportion of these to liabilities of all kinds is over 24% as against 9% in the case of the Bank of Madras.

I venture to submit that these figures show the strong and sound financial position of the Bank which I make bold to say is second to no Bank in India, and the infinitessimal risk, if any, the Government and the public have incurred in keeping their balances with the Bank.

3. The large amount of the turnover in advances shown in the enclosed statement to 31st December 1919 indicates the great assistance the Bank has rendered to the/State in the short period of its existence. trade of the

And from the proportion of profits to the working

resources of the Bank it is clear that no excessive profit has been made, especially, if a small allowance of 1/4% be deducted to cover risks incurred.

These results which I have ventured to put before the Directors have more than justified the establishment of the Bank, and further I have no hesitation in saying that the trade of the State during the great War would have been severely crippled with Multani and Marwadi still the sole Bankers and more secure than ever in their grip on the trade and people of the State. That a young Bank to have made such quick - - progress, and to have been of so great a benefit to the general public, must be matters of congratulation to all concerned in its flotation.

4. Bank's Capital. The Bank's present capital is undoubtedly too small for the heavy calls now made on it for finance. This pressure has been greatly accentuated the last 2 years by the higher level of prices prevailing for all commodities. A merchant who was satisfied with an accomodation of Rs.100 in pre-war days now requires Rs.250 - To have increased the Bank's capital during the War would possibly have been resented by the Government of India in consequence of the restrictions in force in India to the issue of fresh - - capital. The Directors last July resolved to double the Bank's Capital, but the proposal was rendered infructuous last December through ill advised opposition on the part of a small minority of shareholders. The rejection of the proposals of the Directors is much to be regretted reflecting as it somewhat does a want of confidence in the judgement of the Directors, and one which would not be expected from shareholders of a flourishing Bank either at home or in British India.

5. Extension of Banking facilities in the State.

I cannot help thinking that those who are insisting on the opening of fresh agencies of the Bank have no real idea of the difficulties and dangers of having a large network of agencies totally unsupported in the way of deposits, but relying entirely on accomodation from the Head office. It is not possible for any Bank to work successfully solely on the capital obtained from shareholders unless the rate of interest charged on advances is high enough to pay the customary dividend to shareholders, and to cover all working expenses. The absence of cheap capital in the mofussil is the one serious hindrance to the development of Banking in India. It is not what we have had no experience of the truth of this statement, for exclusing Mysore Branch, our eight agencies on the 31st December 1919 were only able to show under Rs. 2 lakhs in deposits of all kinds as against exceeding Rs.20 lakhs advanced by Head office for loans. I will not discuss the reasons for this inability to draw deposits from the public, but one reason undoubtedly is the habit of investment of monies in land and properties and on which is generally based the credit of the owner. It is well known that money is advanced by private money lenders on reasonable terms with the ulterior object of foreclosing on the mortgaged property. Then, there is the question of the general indebtedness of the people. Under such circumstances, what is the kind of business, of a liquid nature, that a Bank like ours can expect to secure ? There is but the produce of the cultivator or the middleman, a form of advance which the Directors are most willing to encourage, but hitherto they are met with the purely sentimental objection of the local merchant to pledge same - preferring to permit his produce to be taken outside the State on credit by the Bubbay merchant.

and to borrow locally for his further need ! A l l suggestions to draw bills on his buyer are declined chiefly perhaps of the necessity to meet same promptly at maturity. The trade at Shimoga, Sagar, Tumkur and Tiptur is chiefly conducted in these methods. There is nothing to prevent a well established merchant, say at Kirur or Hassan coming to the Head office of the Bank, or going to our Shimoga or Chickmagalur Agents, and having his bills discounted if the parties to the bill are genuine traders. It is well known that the Multanis and Marwadis finance their operations in the State by forwarding their bills to the Presidency towns for discount. It is equally possible for merchants in the State to do the same with us. They naturally prefer to have a local agency as such facilitates the working of the cash credit system, but as I have said our resources are limited, as well as our staff, and an increase of agencies can but react on the funds we have provided for our existing agencies. I cannot too - - strongly impress upon the minds of the Directors the difficulty that would arise if I wished to secure the repayment of 20% of our advances during a period of acute stringency in the money market. On the one hand those who are indebted to Multanis will be first severely pressed for repayment, and with the Multanis themselves pressed to meet their own acceptances in the hands of the Presidency Banks it is not difficult to realise that our merchants have no one to go to for new accomodation. The only practical solution is to raise the rate of interest so as to induce a fall in the price of commodities and thereby induce buyers from outside the State.

6. <u>Relation with Government</u>. Obviously for a Government committed to a policy of Industrial and

Economic development, it is desirable that its relations with the principal Bank of the State should be one of the friendliest with the closest co-operation. I think the experimental stage of the Bank can be said to have been safely passed, and what is now required is for Government to demonstrate its full confidence in the Bank's financial position. The financial assistance so far received from the Government has been limited to the original deposit of ten lacs - a moiety free of interest and the remainder at 4½% interest per annum. The terms of the Government Agreement of March 1918 are such that no portion of the Government floating balances deposited with the Bank is capable of being utilized as 100% has to be represented always by cash at Head office and a further 50% in Government securities with no ~~xxxxxxxx~~ assurance of the maintenance of a minimum balance at all times. The extreme fluctuations in the balances as shown in Chart No.2 clearly show how uncertain it was for the Bank to rely to any extent on a reasonable balance being always maintained. How far our local competitor was similarly treated it is not possible for me to know, but if the average balances left with us represent 1/3 of Government funds lodged with the Bank of Madras in Bangalore, then it is apparent that the amount of Government balances in Bangalore is not of large dimensions. But then it is obvious that Government must have funds in Banks outside the State, if not within, and how far such a practice is more profitable or advantageous to the Government is again a question of which the Financial Secretary is the sole judge. How this absence of Government funds has not been without a lesson to the Bank for it has been the means of forcing the Bank to conduct its operations during the past 6 years without being dependent on Government - a feature which cannot be claimed by the

Presidency Banks but on whose footsteps we are expected to follow. The question to consider is to what extent and from what sources is it possible for the Bank to secure additional working resources ? An important point which distinguishes the financial policy of our State is that the Government itself is the Bank's greatest financial competitor. All public funds such as Railway, Municipal(with two exceptions) District Boards, Judicial and Revenue are either banked at the Huzur treasury or with other Banks. Also, the high rate of 5% allowed on Savings Banks, which receives monies without limit, is practically money at call cannot but have an adverse effect on the flow of monies to the Bank.

And, even, as regards its own monetary obligations to outside creditors the Government have drawing accounts at Madras and Bombay thus diverting to these Banks funds which would be of best assistance to the Bank in the financing of imports of the State. Here again it is not possible to say how far this action has been, or is, a remunerative one, in view of the fact that the Bank's commission for drafts issued to Government is limited to 1/8%, a sum which would be more than compensated by the interest Government would obtain from a deposit in the Bank even if the rate of interest received was as low as 2% per annum. We are a young Bank and it is but natural that Government should be in some doubt of our ability to carry out promptly all their financial requirements. It should, also, be remembered, we stand alone in the State, and that outside aid, apart from being expensive, would be an indication of our inability to stand on our own legs. But the position would be different if we could look to temporary assistance from the Government when trade is very active. The despatch of the Government of India to the Secretary of State

dated 25th June 1919 very clearly shows the extent to which that Government have always assisted the Presidency Banks in the matter of freely placing their finances with those Banks, and how such financial assistance has been the means of benefitting the whole country and even assisting the Government. In the case of the future Imperial Bank of India the Government of India state "that their responsibility for the stability and "good working of the Bank cannot in practice possibly "be evaded. The mere fact that it will be entrusted "with the whole of Government Funds will make its "stability a matter for the state of the gravest concern, "and we do not see what useful purpose will be served "by any attempt to obtain security by less direct methods "or to avoid a frank recognition of the interests in-"volved"

All that the Government of India propose to do with a view to protect the interests of the State is "to have "a representative upon the governing body of the Bank "whose functions would be to keep us in touch with all "important developments in the Banks general policy, "and who would possess the statutory power of holding "up action on any matter of high importance as affecting "the interest of Government or the safety of its balances "pending our orders thereon"

Would it be expecting too much from our Government for a similar benevolent policy to be adopted in the case of the Bank of Mysore ? In return for the Government guaranteeing the liabilities of the Bank, as apart from its capital, it would be possible for the Directors to specifically undertake to always reserve 50% of the Banks uncalled capital as security for the Government, and to insist at all imes on a cash balance and Govern-

ment

investments being equal to 30% of the Banks total liabilities excluding capital. There would be in addition the whole of the Bank's general assets and reserve funds. Thus assuming the Bank's capital to be 50,000 shares of Rs.100 each with 20,000 shares as fully paid and 30,000 shares only Rs.50 paid up, one half of such uncalled capital would represent 15 lacs. Next estimating our liabilities to be two crores it would be incumbent on the Bank to maintain cash and securities amounting to 60 lacs. Including the Banks Reserve Fund, which at present is over 5 lacs, we arrive at a total over 80 lacs of cash/and securities reserves to cover a total liability of two crores ! Before Government could suffer any loss in the payment of the two crores of liabilities it would mean that about 70% of the Banks general assets would have to prove worthless - a contingency as remote as the bankruptcy of the State itself.

7. The results to be expected from a Government Guarantee of the Bank's public deposits.

Obviously one result would be an increase in the Bank's working resources at a favourable rate of interest and more likely to come from depositors outside the State. My reason for anticipating this flow of foreign capital is that such capital would not be subject to the high income-tax in force in India, and if this foreign capital is desirable for the development of trade and industries of the State it should be encouraged in every possible manner and not induced to be hoarded in gold and silver. This is perhaps one reason why the Multanis and Marwadis have flocked to the State in such large numbers. Further from the confidence which the outside public would have in the Bank consequent upon this Government guarantee, it would facilitate the establishment of foreign branches by securing the

desirable local capital for the working of the Branches, and thus retaining a greater portion of Mysore monies for the Banks operations within the State. Another gain would be the avoidance of the issue of fresh capital involving the payment of a high rate of dividend, and in its place the creation of guaranteed stock carrying a fixed rate of interest and for a stated period.

8. The position of Government as guarantors.

I have already shown in para 6 the security which the Bank could provide in order to safeguard the Government from any pecuniary loss by their assuming the position of a guarantor of the Bank's public liabilities other than share capital. Now it is only fair to consider the benefits likely to accrue to Government, and also to the peoples of the State by the Government undertaking such a responsibility. Firstly, it is clear that the Government policy of development of industries and trade would be greatly facilitated by an increase of working resources secured at a reasonable rate of interes The Government of India in their despatch to the Secretary of State state that "in our opinion preliminary "to any widespread growth in Banking is the establish-"ment of a strong unified Bank in intimate relations "with the Government and with a large number of Branches "throughout the country." I have already quoted the opinion of the Government of India on the subject of the moral responsibility which they will incur b y making over the whole of the State funds to the Imperial Bank of India, and inferentially the only way we can have a strong Bank in this State capable of fully meeting trade demands and assisting the Government in the economic policy is for Government to give their guarantee to the Bank. By so doing it would not necessarily follow that Government should make over all their funds

at once to the Bank - a reasonable reserve to meet such a contingency as a famine is no doubt desirable - but without a strong semi-state Bank of the nature contemplated by me I fear it would take years before the Bank of Mysore would be in a position to undertake half the business offering in the State, or to be of any - - assistance to the Government in the carrying out of their industrial development policy. The only safeguard which the Government of India contemplate in the case of the Imperial Bank of India is the appointment of the Controller of Currency upon the governing body of the Bank. Our Articles of Association to some extent give the Government a control over the Bank's affairs by permitting under Art.150 the inspection of the books and accounts of the Bank. Under Art.3(C & C) of the Memorandum of Association the Bank is also empowered to enter into an arrangement or agreement with the Government for the purpose of acting as Bankers to the Government and to uphold and support the credit of the Bank and to obtain and justify public confidence. But the assumption of such responsibility by Government as proposed should carry with it by way of a <u>quid pro quo</u> some measure of benefit to Government as there can be no objection to the Government having a first call on the funds of the Bank, say to the extent of 25% of its working resources, apart from the funds of Government, and at the same rate of interest as paid by the Bank for its fixed deposits obtained from the public. Other benefits would lie in the management of the public deposits, savings Bank and treasury work &c.

From my remarks it must not be concluded that I desire any control or interference on the part of - - Government over the Bank's ordinary business; this [illegible] as unfettered as at present, but only an

arrangement which will keep the Government, by the appointment of the two ex-officios - Government Directors in intimate touch with the working of the Branch and the assurance that the funds of the Bank were being utilized in the best interests of the State.

The Bank of Mysore, Limited.

Proportion of Cash and Investments as compared with liabilities.

Particulars.	1913.	1914		1915		1916		1917		1918		1919	
	Decr.	June	Decr.	June	Decr.	June	Decr.	June	Decr.	June	Decr.	June	Decr.
Percentage of Cash to demand liabilities of all Kinds	314%	286%	230%	153%	190%	135%	107%	105%	84%	92%	92%	89%	72%
Percentage of cash & investments to liabilities of all kinds excluding Government concession deposits	356%	154%	91%	66%	64%	42%	34%	37%	44%	43%	50%	53%	51%
Percentage of Cash and investments including uncalled capital to liabilities of all kinds	436%	131%	100%	78%	74%	56%	47%	49%	53%	50%	56%	57%	55%

The Bank of Mysore, Limited

Proportion of Net Profits to Resources.

PERIOD.		Percentage	Net Profits.	Resources.
1913	December	.28	2.891	10.35.224
1914	June	1.2	31.092	25.58.292
	December	1.3	45.260	32.76.477
1915	June	1.6	65.255	40.61.670
	December	1.5	71.613	48.54.667
1916	June	1.9	1.00.137	53.90.428
	December	1.5	91.381	61.74.478
1917	June	1.6	1.11.521	68.84.776
	December	1.2	87.579	73.54.807
1918	June	1.3	1.12.349	87.10.375
	December	1.2	1.15.945	96.50.822
1919	June	1.2	1.36.357	1.13.10.742
	December	.99	1.20.519	1.21.48.822

The Bank of Mysore, Limited.
Turnover from the year 1914 to 31st December 1919.

AGENCIES.	Loans.	Cash Credits.	Bills.	TOTAL.	CASH.
Head Office. ...	2.42.08.984	3.31.43.161	46.05.079	6.19.57.224	67.99.92.733
Mysore Branch ...	38.45.810	93.90.912	32.34.034	1.64.70.756	9.27.55.448
Chennapatna ...	14.36.122	3.12.220	60.999	18.09.344	71.39.529
Chickmagalur ...	16.29.448	32.85.564	2.08.600	51.23.612	1.89.87.948
Davanagere ...	65.65.227	99.27.327	4.335	1.64.96.889	5.95.08.252
Sagar ...	4.48.739	25.171	14.546	4.88.456	10.06.576
Shimoga ...	14.47.281	10.13.731	4.43.077	29.04.089	1.24.29.408
Tiptur ...	8.74.037	40.95.625	11.72.825	61.42.487	2.35.78.645
Tumkur ...	19.86.176	4.31.651	52.085	24.69.912	97.43.253
TOTAL ...	4.24.41.824	6.16.25.362	97.95.580	11.38.62.766	90.51.41.792

Government Balances with the Bank of Mysore Ltd.

Date.		Maximum	Minimum	Average
1918	January	1.73.629	49.259	1.08.000
	February	1.66.149	28.325	1.11.000
	March	7.30.013	86.574	4.21.000
	April	7.11.269	3.97.748	4.91.000
	May	6.62.599	4.03.109	5.91.000
	June	6.34.052	1.93.984	4.19.000
	July	5.35.042	93.834	4.34.000
	August	3.67.482	79.767	5.55.000
	September	5.81.320	8.088	3.18.000
	October	9.44.245	4.21.589	4.35.000
	November	9.40.204	2.48.234	3.91.000
	December	4.78.809	2.14.652	3.36.000
1919	January	6.29.720	30.745	3.62.000
	February	6.00.414	3.15.513	4.13.000
	March	6.44.379	739	3.92.000
	April	8.79.011	3.81.549	6.45.000
	May	8.25.556	5.71.768	6.95.000
	June	7.25.968	3.88.197	5.46.000
	July	7.08.051	1.54.721	4.28.000
	August	4.89.897	1.20.300	2.98.000
	September	8.53.948	1.18.778	5.17.000
	October	8.53.546	4.11.221	6.28.000
	November	8.53.745	1.80.844	6.02.000
	December	4.46.440	1.75.485	3.05.000

N.B.

Minimum balances underlined are below 1 lac.

Minimum balance of March 1919 is at debit.

Draft for approval.

Report of the Mysore Bank Committee appointed in Government Order No. Fl.5500-49/G.F.93-19-11 dated 9th March 1920.

--:0:--

To

M. N. Krishna Rao, Esqr, B.A.,
Financial Secretary to the Government of
His Highness the Maharaja of Mysore.

Sir,

With reference to Government Order No. Fl.5500-49 G.F. 93-19-11 dated 9th March 1920 constituting a committee to advise Government in the matter of improving the resources of the Mysore ~~Bank~~ Bank of and of enhancing its usefulness, I am directed to submit the following report for the consideration of Government.

2. The Committee held 4 sittings under the presidency of the First Member of Council. The names of the members who were present in the several meetings are shown in the attached statement.

3. The terms of reference are contained in para 3 of the Government Resolution and the recommendations of the Committee submitted below follow as far as possible the order in which the points are therein enumerated.

I. Increase of Capital and Reserve Fund.

4. The authorised capital of the Mysore Bank is 20 Lakhs

lakhs consisting of 20,000 shares of 100 rupees each. All the shares have been issued and half the share capital is paid up. The other half is now called in in instalments and is in course of collection. The resources of the Bank according to the latest weekly statement are about 115 lakhs and the deposits are also gradually expanding. But the volume of trade and business in the State requiring finance is many times the resources of the Bank which is accordingly unable to afford all the assistance for which there is need. The higher level of prices of Commodities has also increased the demand for accommodation. The growing volume of deposits is increasing the disproportion between them and the Bank's Capital. In the general interests of the Bank, it is necessary that the amount of share-capital and reserve funds employed in the business of the Bank should be much larger than it is. The need for extension of banking facilities in the State by opening branches in all centres of trade and business is another factor which calls for an augmentation of the resources of the Bank. The Directors of the Bank accordingly proposed in November 1919 to increase the authorized capital by 30,000 shares, to issue 20,000 shares at once and offer them to the existing share-

holders in the first instance at a premium of Rs.30 per share with Rs.50 per share to be called up, the paid up capital being thus raised to Rs.20 lakhs. As the general meeting of the share-holders convened for considering this proposal did not arrive at a final decision in the matter, the Directors of the Bank have in the meantime called up the ~~other~~ unpaid half of the original issue of 20 lakhs.

In the course of the discussion on this subject a question was raised by some of the members as to whether the improving of the resources of the Bank by issuing additional capital was not a matter mainly for consideration by the share-holders of the Bank. The Committee were of opinion that in view of the Bank being a state aided institution, of its increasing operations and of the larger interests of Government involved under the new arrangements in contemplation, the Bank should be advised as regards adding to its capital. The several forms of issue of capital whether by the issue of stock guaranteed by Government, of Preference Shares or of ordinary shares at a premium as originally proposed by the Directors were considered. The sense of the Committee was that the new capital might be raised by the issue of ordinary shares only.

Messrs. Puttanna Chetty and Rose held at first the view that the authorized capital might be raised to Rs. One crore of which one half would be called up immediately and the other half kept as reserve liability. They observed that the Bank would require the whole of Rs.50 lakhs immediately for meeting the present demand for accommodation and also for opening 3 additional branches a District Head-quarters to take up Treasury business. As the Bank would in their opinion require further addition to share capital in a year or two, they thought it much better to raise theamount once for all to the required limit and save the trouble of getting the sanction on each occasion of the share-holders on the one hand and also of the Government and the Chief Court on the other. Doubts were however entertained by the rest of the members as regards the desirability of enhancing the capital at once to One crore and also of having any reserve liability at all. They considered it sufficient to raise the Capital to 50 lakhs for the present as originally proposed by the Directors of the Bank and to call up the whole of the new issue without leaving any reserve liability, and to increase the share-capital further (as the need was felt). The Committee finally arrived at the unanimous conclusion that the authorised capital might for

Should any need be felt in future.

the present be raised to 50 lakhs and that the whole of the new capital of 30 lakhs be called up as required from time to time

Terms of raising the new capital.

5. The question then for consideration is the terms of issue of the new capital. The Committee's recommendation on this point is, that 20 lakhs may be offered to the share-holders ~~in the first instance~~ i.e one share for each share held and the balance of 10 lakhs to the public and that if the shares allotted to the former are not fully taken up by them within a period to be specified by the Directors of the Bank, the shares not subscribed for by them may also be offered to the public. Messrs. Garudachar, Shankaranarayana Rao, D'Souza, Ranganatha Rao Saheb and Ranga Rao were, however, of opinion that of the proposed new capital, 10,000 shares of face value 10 lakhs may be taken up by Government, as the association of Government with the Bank as a share-holder would enhance the prestige of the Bank and attract larger deposits than at present from the public outside the State. ~~Mr. Ranganatha Rao Saheb further urged that~~ under the arrangements in contemplation, the Bank's help would largely be needed in granting accommodation for the Industrial Expansion of the State, that a large portion of its funds thus appropriated would be locked up in long term loans, that the proportion of the Bank's ~~share capital to other resources should therefore be~~

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Mr. Ranganatha Rao Saheb further urged that, if the resources of the Bank should be utilised for the industrial development of the State and the assistance given to industries should not be strictly limited to the extent of the funds placed by Government at the disposal of the Bank for the purpose, the amount of its share capital and reserves should bear a much larger proportion to its total liabilities than is usual in the case of ordinary Deposit Banks. It is well-known that ordinary Deposit Banks such as the Bank of Mysore which are modelled on English Banks are not well equipped for the business of industrial finance carrying as they do large call liabilities on a minimum reserve. Any scheme which involved industrial finance being taken over by such a Bank required that the proportion of share capital and reserves should approximate to that obtaining among German Banks in which they were as high as 45 % of the total liabilities. He said that, if the Committee decided to recommend to Government that the Bank should be advised to seriously turn its attention to Industrial Finance, the recommendation carried the further responsibility that some part of the larger proportion of the capital required in the case of such Banks should be contributed by Government, as it could not reasonably be expected to be furnished by the shareholders.

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larger than in other Banks and that the fact of Government contributing to such capital would carry conviction in the minds of the share-holders about the share of risk undertaken by Government and materially facilitate the financing of Industrial and Commercial concerns. The sense of the Committee however was that there were difficulties in the Government assuming the position of large share-holders in the Bank. According to the arrangement now proposed, Government would be large depositors in the Bank and that itself would be a sufficient guarantee to secure public confidence in the Bank. In view of the transfer of treasury business and other work to the Bank, the Committee apprehend that the position of Government as share-holders would complicate matters. The Government of India have not proposed to take any share in the Imperial Bank. Even in most of the State Banks of the West, it is believed that no share capital is held by the Governments. In the matter of enabling the Bank to advance funds for initial capital equipment in Industrial and Commercial enterprises, the Committee consider that instead of subscribing to the Bank's Share Capital, Government might preferably lend the Bank the required sum of money at interest for a specified period and undertake a share of risk in respect of the loans

advanced from such funds as suggested in para 7 supra.

For these reasons the Committee are of opinion that the question of Government taking up shares in the Bank is one mainly affecting the general policy of Government which is best decided by themselves.

There was no difference of opinion among the members as regards the desirability of issuing the new capital at a premium considering the demand for the shares of the Bank and the need for strengthening the reserve fund. The shares (already Rs.50/- paid up) are now commanding a premium of over 100% in the market. The new capital even if issued at a premium is under present conditions likely to be over-subscribed. After fully discussing what should be the amount of the premium that would be considered reasonable, and whether any special consideration should not be shown to the present share-holders, the Committee resolved that the existing share-holders be offered 2/3 of the new capital at a premium of 25 Rupees per share and the public 1/3 at not less than the market rate to be fixed at the discretion of the Directors of the Bank. In allotting the shares to the public preference will be given to Mysoreans as far as possible. The premia received should be added to the reserve fund.

Extension of Banking facilities.

6. The Bank has so far opened 9 branches or agencies at the following places:-

Places.		District.
Mysore	in	Mysore District
Shimoga	"	Shimoga District
Tumkur	"	Tumkur District
Chikmagalur	"	Kadur District
Davangere	"	Chitaldrug District
Chennapatna	"	Bangalore District
Sagar	"	Shimoga District
Tiptur	"	Tumkur District
Gorgaum	"	Kolar District

No branch or agency has yet been opened in the District of Hassan. The Bank has got offices only in 5 District Head-quarters towns and there is no branch or agency in the towns of Hassan, Kolar and Chitaldrug. In view of the proposed transfer of treasury work at District Head-quarter towns where the Bank has already got Offices and is ready to take up the work, and of the desirability of securing a uniform arrangement in all the Districts, the Bank should open branches at the remaining three District Head-quarter towns also at a very early date. The need for rapid extension of banking facilities in the State by opening branches in these 3 places and othe principal towns was admitted by the representatives of the Bank. The policy of the Bank should be to open Offices at all Taluk Head-quarters, the more important of them in point of trade and business being of course

given preference. The opening of more branches requires both staff and funds. With the increase of the Bank's Capital as now proposed, the difficulty of funds will to a large extent be removed. The treasury work at Taluk Head-quarters also might gradually be transferred to the Bank if it should have a branch there. As regards the paucity of trained men, some systematic arrangement will have to be made through the help of theBank itself to have a number of young men of Mysore trained in banking work and this point is dealt with separately in a later paragraph of this report. The Committee's recommendation ~~on this subject~~ is that for the present the Bank should aim at having six additional branches in the State in the course of the next 3 years, 3 in the towns of Hassan, Chitaldrug and Kolar and 3 in other principal centres of trade.

Industrial Finance.

7. In regard to the co-operation of the Bank in the Industrial and Economic development of the country, the questions that came up for consideration are:- (1) Whether the Bank is prepared to take up all the business of financing Industrial concerns including the pioneer enterprises or those yet in an experimental stage. (2) Whether the Bank requires any additional funds to be placed at its disposal ear-marked for this purpose.

(3) What should be the rate of interest to be charged to the Bank ~~a~~ if Government Funds are placed at its disposal and what is the borrower to pay. (4) By whom should the loss if any be borne, whether by Government, or the Bank or both and if by both in what porportions.

There are several kinds of loan transactions under this head:- Loans for initial capital eg., for purchase of machinery and first equipment or further developments and for current finance. There are loans for purchase of machinery and equipment on the hire-purchase system according to which the party desiring the loan deposits one-fourth of the purchase ~~of~~ money and wants accommodation for the other three-fourths.

It was agreed by all that current finance of working concerns should be provided by the Bank as part of its ordinary business under the usual terms.

As regards the provision of capital for first equipment and subsequent developments, the recommendations of the Industrial Commission as contained in paras 289-91 of the report were considered in this connection. The representatives of the Bank proposed to render assistance on the terms recommended by the Commission. They had also no objection to the Bank taking up all the business

business if the loans were guaranteed by Government -- against loss, and if additional resources to the extent -- required from time to time were placed at its disposal by Government from the Industrial Investment Fund ~~for the purpose~~, the bank being permitted to lend at current -- rates. Mr.Rose added that Government might either place a sum of money at the disposal of the Bank earmarked for the purpose, say at 6 per cent for a term of years, or as an alternative they might permit the Bank to enter -- into an arrangement with some Industrial Bank to furnish itself with the necessary funds and do the Industrial -- business as a separate Branch of the Mysore Bank. The question regarding the extent of guarantee to be undertaken by the Bank in the matter of Industrial Taccavi -- loans and the funds from which they should be issued -- formed the subject of much discussion. The members -- finally came to a unanimity of opinion in the matter and the arrangement suggested in regard to the issue of these Industrial Loans ~~which the Committee would recommend~~ for the consideration of -- Government is ~~this~~. as follows.

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All the preliminary investigation as regards the -- successful character of the venture and the desirability of giving accommodation is to be made as heretofore by the Department of Industries and Commerce. The

This paragraph may possibly be made a little more clear. It is not clear whether the rates of interest payable by the borrowers are to be higher or lower than the rates charged to the Bank by Government, or, when funds are obtained from long term deposits, than the rates payable on those deposits. The report says that the rates "should as far as possible be lower than the current rates". According to paragraph 293 of the report of the Industrial Commission, the rate to the borrower would be somewhat higher than that guaranteed to a Bank in the case of advances from the Bank's own funds.

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The cases recommended by the department as deserving of help might be referred to a Board consisting of the -- Manager of the Bank, two of its Directors and the -- Director of Industries and Commerce. The Bank should -- issue the loans out of a special fund to be created for -- the purpose either by an advance from Government at -- interest for a specified term of years or by obtaining long term deposits with, if necessary, the guarantee of Government. The rate of interest to be charged to the borrowers should as far as possible be lower than the -- current rates and be decided by the Board above referred to from time to time. When the special fund is created wholly out of the Government advance or deposits -- guaranteed by Government and the loans are issued from such funds in accordance with the procedure above - mentioned, the share of losses if any, may be borne by Government and the Bank in the proportion of 2/3 and 1/3.

8. Transfer of Government Treasury Work to the Bank.

One of the concessions to the Bank contemplated in the Government Order of 1913 was the transfer to it at -- District Head-quarters and other places, of such -- treasury business as may be decided upon by Government from time to time. Except allowing some of the local bodies to deposit their surplus funds in the Bank and

and permitting the two premier municipalities of Bangalore and Mysore to lodge the whole of their funds with the Bank and entrusting a part of the treasury work at Bangalore, Government have not till now transferred any other Treasury business to the Bank. The Committee are unanimously ~~are~~ of opinion that treasury cash work at all the District Head-quarter towns may now be transferred to the Bank. The Bank has already opened Offices in four District Head-quarter towns other than Bangalore; in these places and in Bangalore the transfer may be effected as soon as the Bank isready to take up the work. To secure a uniform system in all the districts the Bank should also arrange to open immediately branches in the remaining Head-quarter towns of Kolar, Hassan, and Chitaldrug. The Committee further think that the cash work of such of the Taluk Treasuries where the Bank has or will have branches may also be entrusted to the Bank. One point requires to be made clear in this connection. The recommendation herein made is only for the transfer of the cash portion of the work ie., the receiving and paying of money on behalf of Government. The arrangement will be generally on the lines of the rules contained in Chapter 32 of the Civil Account Code, Vol. 1 framed by the Government of India ~~for~~ in respect of their treasury work entrusted to the Presidency Banks. The accounts work as well as

the acceptance of challans and bills for payment will be done by Government Officers as heretofore. In order to avoid the inconvenience to the public having transactions with the treasury the preliminary audit and the accounts work to be performed by Government Officers as well as the cash work by the Bank should be arranged for in the same building. Suitable arrangements have therefore to be made for accommodating the Bank and the Government staff in buildings conveniently situated for public business. As regards the additional staff required by the Bank for undertaking Government business the Bank should of course provide it at its own cost. If, during theinitial stages of the opening of a new branch to which treasury business is transferred, the Bank incurs any loss in doing such business Govermment may make a temporary contribution towards the cost of establishment. In view of the paucity of trained men the Committee consider that as a tentative arrangement such of the men on the Government establishments as the Bank might require may be lent to it on the usual terms. Of the rest such of the members of the cash branch of Government Treasuries in places where the work is entrusted to the Bank as have rendered full service may be retired and the others ~~permanently appointed~~ provided for as far as possible in other departments to prevent the need of granting compensation pension.

For working out the details of the transfer, the Committee beg to suggest the formation of a small Committee consisting of 2 Government Officers of the Accounts and Land Revenue Departments and 2 representatives of the Bank who will go into thequestion and submit for final orders of Government, detailed proposals in the matter of distribution of treasury work between Government Officers and the Bank and of the staff required therefor.

Vide Ref 7 K 2214

Transfer of Public Debt Business.

9. Some of the local bodies have already raised debentures on the guarantee of Government. It is the policy of Government to encourage as much as possible the raising of public loans for financing local productive works. The public debt work of local bodies, such as the issue of debentures, payment of interest to debenture holders, maintenance of accounts and other cognate matters, the Committee consider, may be entrusted to the Bank. The Public debt work of Government may also in their opinion as far as possible be transferred to the Bank. The terms on which and the extent to which the Bank's services may be availed of for the work thus transferred and the remuneration to beallowed to it for assistance in floating loans may be settled separately with the Bank according to the circumstances of each case. The Bank should actively co-operate in all possible ways with the local bodies and the Government in raising public loans.

Definition of the relation between the Government and the Bank.

10. This is a very important point and the Committee have considered this subject under the following heads:-

(1) How should the relation between the Bank and Government be defined.

(2) In what way can Government secure an effective control on the working of the Bank in so far as public interests are concerned.

(3) In what respects does the present relationship require modification.

(1) Under the order of 1913 the Bank is required to conform to certain conditions as enumerated in para 5 of the order. Two of the concessions which were granted to the Bank in that order, namely payment of half the working expenses of the Bank and free supply of Treasury Guards and escort for remittance which were limited to a period of 5 years have already ceased. With the expiry of the period of ten years for which a deposit of five lakhs free of interest and another of five lakhs at a concessive rate of interest have been allowed, the relation of the Bank with Government will be somewhat altered. Having regard to the proposed closer association with Government by the transfer of treasury work and otherwise, the exact position of the Bank and its relation with Government will have to be

more clearly defined. The question whether the Bank should be placed on a statutory basis on the lines of the Presidency Banks or whether it would suffice to suitably amend the articles of association and havean agreement for say 5 years ~~xxxkka~~ defining the terms of relationship between the parties was fully discussed. The arguments for and against undertaking legislation immediately were carefully considered and the general sense of the Committee was in favour of the alternative of having an agbeement executed between the parties, the period of agreement to run for 5 years in the first instance. They ~~consider~~ are of opinion that the question of undertaking legislation or having a revised agreement may be considered after the expiry of 5 years. The Committee ~~would~~ however suggest that as a safeguard, power should be reserved in the agreement, to Government, resorting to legislation at their discretion at any time during the currency of the agreement.

Government should ~~of course~~ also be at liberty to terminate the agreement if the Bank fails to observe the conditions in any way.

(2) According to the present constitution of the Bank Government have no nominess of their own on its -- Directorate. In view of the proposal to place Government Funds more largely with the Bank and of the closer -- association of Government with it for the future, the Committee are unanimously of opinion that there should be a representative of Government on the Board of Directors. What should be the powers and duties of the Government nominee and to what extent he can interfere in the -- management and working of the Bank requires to be carefully considered and settled separately. It was generally agreed however in the course of the discussion that one of the important functions of the Government Director should be to keep the Government in touch with all -- important developments in the Bank's general policy and that he should have an effective voice in matters -- affecting public interests or the safety of Government balances. It may be mentioned here that two members of the Committee, Messrs. Ranganatha Rao Saheb and V. Rangaswami Iyengar, were in favour of having two Government nominees on the Bank's Directorate, one to safeguard the financial interests of Government and another to look after and advise on the industrial side of the Bank. Mr Pattamnaghetty pointed out that the Director of Industries would be a member of the Special Board

under para 7 for 14/ Industrial loans.

(3) One of the conditions to which the Bank should conform at present is to obtain the approval of Government to the appointments of the Chairman of the Board of Directors and of the Manager of the Bank. With the large extension of business in the near future the appointment of a highly paid Deputy Manager might become necessary and the Committee consider that his appointment also should be subject to the approval of Government.

(4) In the memorandum and Articles of Association of the Bank, provision is at present made for the audit and inspection of accounts of the Bank once a year or oftener. Article 3 (c) and (j) also provide for the Bank entering into an agreement with Government to act as Bankers and to do other business for them. The memorandum and Articles will have to be carefully scrutinized to see in what respects they require modifications if the several recommendations of the Committee are approved by Government. A small Committtee consisting of 2 financial and legal advisers of Government and 2 -- representatives of the Bank may be appointed to draft an agreement to be executed between the Bank and Government and submit proposals for the revision of the ~~memo made~~ memorandum and articles of association. There should be an express provision made in the agreement that previous consultation with Government is necessary before any modification of

I wonder might this Ctte. might consider the rec. re-memo + Art. of Assoc: of the Bank in Indian Ocean 6/4/47

the Memorandum or Articles of Association is made by the Bank in future.

Increasing the Govt. surplus balances with the Bank.

11. In accordance with an arrangement entered into with the Bank in March 1918, 1/3 of the surplus balances at Head-quarters is to be placed with the Bank of Mysore under certain conditions. The Bank considers that the terms of this agreement are such that no portion of the Govt.balances deposited with the Bank is capable of being utilised and that the fluctuations in the - Balances are such as not to allow the Bank to rely to any xx extent on a reasonable minimum balance being always maintained. The Committee are aware that there has been some difficulty in the past which has operated against the successful working of the existing arrangement. They further consider that the fixing of a definite proportion of surplus balances to be kept in the Bank is not easy of working in xx actual practice as the Comptroller will have to move funds very frequently. On the other hand to undertake to place a minimum amount in the Bank might interfere with the financial arrangement of Govt.especial ly when the balances at Head-quarters are low. Considering all the circumstances of the case, the Committee would suggest a sum of 5 lakhs out of surplus balances as a fair minimum to be kept with the Bank as far as possible, without fettering the freedom of Govt.for withdrawing any portion of it in the event of need.

The representatives of the Bank were agreeable not to

fix a maximum of such deposit for purpose of calculation of interest.

Other matters enhancing the usefulness of the Bank etc.

12. Some of the directions in which the usefulness of the Bank may be enhanced and its help may be secured in the Industrial and Economic Development of the country which suggest themselves to the Committee are set forth below :-

Land Mortgage Bank.

(1) The most important proposal under this head is about the Land Mortgage Bank, the starting of which (for the benefit of the Malnad) is under the contemplation of Government. The idea is that the bonds of the proposed Bank should be guaranteed by Government. The Committee are inclined to think that the working organization of the Mysore Bank might be usefully utilized in that connection. They consider that if the two kinds of business and the funds from which they are financed are kept entirely separate it may be possible to press into the service of the new Land Mortgage Bank the experience and expert knowledge of the organisation which has been so successful in the working of the Mysore Bank. The Committee accordingly propose that the final scheme of Land Mortgage Bank may be referred to the Mysore Bank for submitting suitable proposals in the matter.

Opening Branches in the C & M. Station and outside the State.

(2) The Committee consider it desirable that a Branch of the ~~Mysore~~ Bank of Mysore may be opened at the Bangalore Cantonment. Mr. Garudachar suggested that the Bank might also be permitted to open branches in one or two places outside the State, say in Madras or Bombay, to attract deposits from those places. The Committee think that there are difficulties in the way of giving effect to this proposal ~~As~~ that at there is much to be done in the State itself by the Bank the proposal may ~~in their opinion~~ be deferred.

(3) The training of young men in Banking work.

Please see overleaf.)

*There are a number of Joint Stock Companies and Co-operative Societies doing Banking business in the State, but there is practically no supply of men trained for the work. The expansion of business of the Mysore Bank ~~Bank~~ is also handicapped for want of trained staff. The Committee consider that a systematic arrangement is necessary for the training of the young men of Mysore in all branches of Banking and that the Bank may be asked to formulate detailed proposals in the matter.

I have the honour to be,
Sir,
Your most obedient servant,
Secretary to the Committee.

R. Ramachar 28.4.20. 6/4/20 6/4/20 7/4/20 22/4/20 16.4.20. 3.4.20

For the first sentence of (3) I would substitute the following:-

There are 37 small Joint Stock Banking institutions spread over all parts of the State with a paid up capital of nearly 9.75 lakhs of rupees. They are more or less in a moribund condition mainly owing to lack of experience in Commercial Banking and want of proper guidance. It will be advantageous to the country if the Bank of Mysore can devise a scheme whereby such of these institutions as are willing to come under its protection may be assisted and controlled by it and made to do useful work.

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Statement showing the names of the members present at the several meetings of the Mysore Bank Committee,

Ist Meeting - 15th March 1920.

P R E S E N T .

A.R.Banerji, Esq., M.A., I.C.S., C.I.E., First Member of Council (Chairman)

M E M B E R S .

1. Rajasabhabhushana Dewan Bahadur K.P.Puttanna Chetty, Esq., C.I.E.,
2. W.C.Rose, Esq., Manager, Bank of Mysore.
3. B.K.Garudachar, Director, Bank of Mysore Ltd.,
4. K.Shankaranarayana Rao, Esq., M.A., B.L., Government Advocate.
5. V.Rangaswami Iyengar, Esq., A.C.E., B.C.E., Director of Industries and Commerce in Mysore.
6. M.N.Krishna Rao, Esq., B.A., Financial Secretary to Government.
7. P.G.D'Souza, Esq., B.A., B.L., Secretary to Government, Education and Agriculture Departments.
8. T.Satyaraj Chetty, Esq., B.A., Comptroller to Government.
9. R.Ranga Rao, Esq., B.A., B.L., Registrar of Co-operative Societies in Mysore.
10. C.Ranganatha Rao Saheb, Esq., B.A., B.L., Private Secretary to the Dewan.

B.Sreenivasa Iyengar, Esq., B.A., B.L., Secretary to the Committee.

IInd Meeting 17th March 1920.

All the members were present.

IIIrd Meeting 26th March 1920.

All the members attended except Messrs.D'Souza and T.Satyaraj Chetty who were unavpidably absent.

IVth Meeting. 31st March 1920.

P R E S E N T.

A.R.Banerji,Esq., M.A., I.C.S., C.I.E., (Chairman)

1. Rajasabhabhushana Dewan Bahadur K.P.Puttanna Chetty Esq., C.I.E
2. W.C.Rose, Esq., Manager, Bank of Mysore.
3. B.K.Garduachar, Esq., Director, Bank of Mysore.
4. K.Shankaranarayana Rao, Esq., M.A., B.L., Government Advocate.
5. V.Rangaswami Iyengar, Esq., A.C.E., B.C.E., Director of Industries and Commerce in Mysore.
6. M.N.Krishna Rao, Esq., B.A., Financial Secretary to Government.
7. T.Satyaraj Chetty, Esq., B.A., Comptroller.
8. R.Ranga Rao, Esq., B.A., B.L., Registrar of Co-operative Societies in Mysore.
9. C.Ranganatha Rao Saheb, Esq., B.A., B.L., Private Secretary to the Dewan.

B.Sreenivasa Iyengar, Esq., B.A., B.L., Secretary to the Committee.

A P S E N T .

1. [illegible] Esq., B.A., B.L., Secretary to E & A.

Proceedings of the Preliminary Meeting of the Committee appointed in para 4 of G.O.No. [illegible] 104/G.F.93-19 dated 12th November 1920 to consider the details of the arrangements for giving effect to the transfer of the Cash work of the Government Treasuries to the Bank of Mysore.

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Present:-

1. Mr. [illegible] R. Srinivasiengar, M.A.
2. " T. Satyaraja Chetty, B.A.
3. Rajasabhabhushana Dewan Bahadur K.P. Puttanna Chetty, Esq., C.I.E.
4. Mr. W. C. Rose.

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The Committee met in the office of the Revenue Commissioner on Wednesday, the 1st of December 1920 at 1 P.M.

2. The Government Proceedings relating to the terms of reference to the Committee were read. A Note prepared by Mr. Rose on the subject under consideration was also placed in the hands of the Members.

3. After some discussion about the nature and scope of the work done in the Treasuries, it was decided that the Bank of Mysore should undertake only the cash

connected with these Treasuries including the custody of Treasure and its remittance from place to place, and that the Account Branch of the Treasury Department should continue to work at its full strength under the Treasury Officer for the preparation and compilation of the accounts relating to the District and the Taluk Treasuries.

4. It was agreed that the Bank should receive all moneys due to Government and pay all demands upon Government on the presentation of Chellans and vouchers duly countersigned and authorised by the Treasury Officer just as is done in the Madras and other Banks in British India, and that it should receive cash chests and boxes containing valuables and documents &c, from public offices for safe custody in the same manner and on the same terms as the Government Treasuries are now doing, also receive Savings Bank Deposits and make payments, but that the Ledgers relating thereto should be maintained in the Accounts Branch of the Treasury as at present and that the custody of stamps, opium, ganja etc., should continue with the Treasury Officer as heretofore.

5. With regard to the payment of Military Pensioners, it was

suggested by the Comptroller and agreed to by the Committee that payments may be made by the Bank on the presentation by the pensioner of a token or a disc issued by the Treasury Officer after verification of his identity as well as his claim.

6. Messrs K.P. Puttanna Chetty and W.C. Rose on behalf of the Bank agreed to provide special facilities for the public by opening more counters and also having the Bank open in the mornings, if necessary, on pension payment days and during collection seasons.

7. In view of the complete transfer of all cash transactions to the Bank, the Committee recommend the abolition of the appointment of District Treasurers, shroffs and gollars in the Treasuries concerned, the men holding these appointments being otherwise provided for according to the Service Regulations. The services of these men may be temporarily lent to the Bank for some time if required by them.

8. The question of accommodation for the Bank in the several Districts was next discussed. In this connection, the Committee was of opinion that in the interests

of public convenience, it was very necessary that the Bank and the Treasury Officer with the Account Establishment under him should be accommodated either in the same building or in different buildings close to each other. On a further consideration of the matter, the Committee agreed that, of the two alternative proposals, having the Bank and the Treasury Officer in separate buildings close to each other was the better of the two for various reasons. On the suggestion of the Revenue Commissioner, the Committee agreed that the Bank buildings should be close to the Deputy Commissioner's offices (in case of District Treasuries) and Taluk Cutcherries (in case of Taluk Treasuries), as it will be highly inconvenient for the Deputy Commissioners and the Amildars to be far away from the Treasury Assistant Commissioners & and Sheristedars who, as their Personal Assistants, have a great deal of other work to do besides that of the Treasury.

9. The question of accommodation at each of the District Head Quarters was then taken up.

With regard to Bangalore, the Committee thought that the best arrangement would be to

locate the Huzur Treasury Office either in the new building under construction in the District office compound or in the present District Office building, a portion of which may be made available for the Huzur Treasury Officer after the new building is completed.

10. As regards the Mysore District Treasury, in view of the distance of the new Bank buildings in Mysore from the Public Offices, the Committee was of opinion that it would be desirable to have the building in which the City Magistrate is holding his Court or some other suitable building near the Bank for the office of the Treasury Officer. It was pointed out by the Revenue Commissioner that the removal of the Treasury Officer from the Public offices will make it impossible for the Deputy Commissioner to make use of him in assisting him in his office work; but, this would not be of much consequence so long as the Deputy Commissioner has a separate and whole-time Personal Assistant. If it is found that there is not sufficient work for a whole time Treasury Officer, the Comptroller thought that additional work could be found for him by giving him some audit functions as he had a proposal to decentralise the audit work now done in the Comptroller's office

1. As regards Chikmagalur, it was pointed out by Mr. Rose that the Bank had purchased Mr. Watson's bungalow close to the District Office and that therefore the Bank and the District office would be within a furlong from each other.

12. As regards the other District Head Quarters, the Committee was of opinion that the Bank should arrange to put up or take up a building either in the respective District office compounds or close to the District office buildings and that until this is done it will not be possible to transfer the cash work of Treasuries to the Bank in these places. Mr. Rose promised to go round the Districts and then make his proposals for the location of the Bank in each place.

13. The Comptroller kindly undertook to prepare and furnish a statement showing the savings that will be effected by the transfer of the Cash work of the Treasury Department to the Bank.

14. Mr. Rose also kindly offered to furnish an estimate of the additional charges on account of Establishment etc., that will have to be incurred by the Bank if cash work of Government Treasuries is taken up by it.

15. It was resolved that the date of the next meeting be fixed by the Revenue Commissioner after the statements promised by Messrs Satyaraja Chetty and Rose are received.

Chairman.

M.B.R.

Proceedings of the Second Meeting, held on 15th January 1921 of the Committee appointed in para 4 of G.O. No. Fl.3104-53/G.F. 93-19 dated 12th November 1920 to consider details of the arrangements to be made for the transfer of the Cash work of the Government Treasuries to the Bank of Mysore.

* * * * * * *

Present:-

1. K.R. Srinivasiengar Esq., M.A.
2. T. Satyaraja Chetty Esq., B.A.
3. Rajasabhabhushana Dewan Bahadur K.P.Puttanna Chetty Esq., C.I.E.
4. W. C. Rose Esq.

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The proceedings of the first meeting of the Committee held on 1st December 1920 were read and recorded. The statement received from the Comptroller showing (1) the present scale of Establishment of the Cash Branch of the Huzur Treasury and the District Treasuries, and (2) the number of pensioners whose pensions are being disbursed at the above Treasuries were placed before the Committee for the perusal of Members.

2. Mr. Rose said that parties who have to go to the Bank

for making or receiving payments would be saved a great deal of trouble and delay if they could go there direct without the intervention of the Treasury Officer, and enquired if it would be possible to make such an arrangement. Mr. Satyaraja Chetty replied that under Chapter 32 of the Civil Account Code, revenue receipts referred to in Art. 684 and payments of the kind detailed in Arts: 690,693 and 695 have to be authorized by the Treasury Officer in the first instance, and that any deviation from this procedure was not practicable, as the Treasury Officer performed to some extent the functions of an Audit Officer, in respect of these receipts and payments, though the departmental and other receipts referred to in Arts: 685-689 and departmental and other payments ~~xxixi~~ mentioned in Art.691 may be credited or made by the Bank direct on the authority of the departmental Officer counter signing the chellan or signing the cheques or payment orders. Mr. Rose urged the desirability of simplifying the procedure prescribed in the Civil Account Code and stated that the Bank would be prepared to classify the receipts and disburse ments under the several prescribed heads. The Revenue Commissioner

observed that in respect of receipts it might be possible to arrange for the Bank receiving moneys direct from the parties in most cases; but, with regard to payments, it will not be possible to authorise the Bank to make payments not passed by the Treasury Officer, except in respect of cheques, bills &c., passed and issued by competent authority.

After some discussion, it was resolved that the Comptroller may be asked to draw up a list of cases in which (1) remittances may be received, and (2) payments may be made, by the Bank direct without being previously authorized by the Treasury Officer. It was also resolved that this list may be added to and altered from time to time as experience is gained of the working of this arrangement.

3. It was resolved that the Scheme may be tried in Bangalore in the first instance, effect being given to it from 1st July 1921 and that the question of transferring the Treasury work to the Bank in the other stations may be deferred for the present

4. It was agreed that the Bank may take over the 'Public Debt Work', such as, payment of interest on Government loans &c., at Bangalore.

5. As decided at the previous meeting, it was resolved that the Treasury should be located in the new block of buildings under construction in the District office compound or in the present District office building, as it is necessary in the interests of public convenience, that it should be quite as close to the Bank as possible.

6. With regard to the custody of Stamps of which the State Huzur Treasury Officer is now in charge as Superintendent of Stamps, the Committee was of opinion that if it be found practicable to remove the Stamp Depot to the District Office building and stock all the stamps &c., there, the Treasury Officer may continue as Stamp Superintendent; and that, otherwise, he may be relieved of the work and one of the Assistant Comptrollers or other officers located in the Public Office Buildings appointed as the Superintendent of Stamps, ex-officio.

7. Messrs Puttanna Chetty and Rose said that the Bank will take over on loan for the present the services of the entire establishment of the Cash Section of the State Huzur Treasury, on the understanding that the Bank will be at liberty to send back any of the

officials who may be found unsatisfactory or may not be required by the Bank at any time. It was also proposed and agreed to by all the Members that such of these officials as are willing to take service permanently under the Bank may be permitted to do so and discharged from the Government service with such pension or gratuity as they may be entitled to under the Rules, the rest being treated as supernumeraryes and absorbed in other vacancies or otherwise dealt with in accordance with the provisions of the Mysore Service Regulations.

8. It was further resolved that a recommendation be made to Government to keep alive the present Committee, so that it may watch the working of the proposed arrangements and suggest necessary modifications from time to time in the light of actual experience.

Chairman.

M.B.R.

Statement showing minimum monthly balances in Devan's Nizam Current account from the year 1918 to 1921.

January 1918

The minimum balance on 7 January 1918 Rs 8)6949-7-11

8)6.949 x 15 days = 131.54.235 @ 4% = Rs 1441-8-11.

8)6.949 x 16 days = 140.31.184 @ 5% = Rs 1922-1-3

Total Rs 3363-10-2

February 1918.

The minimum balance on 18 February 1918 Rs 685.1)8-4-6

685.1)8 x 28 days = 191.84.928 @ 5% = Rs 2628-1-2

March 1918

The minimum balance on 9th March 1918 Rs 1133.)25-13-4.

1133.)24 x 31 days = 351.45.504 @ 5% = Rs 4814-7-4

April 1918

The minimum balance on 8 April 1918 Rs 995.351-12-3.

995.352 x 30 days = 29860.560 @ 2½% = Rs 2045-4-0

May 1918

The minimum balance on 9th May 1918 Rs 1149.1)5-3-10

1149.1)5 x 31 days = 356.24.425 @ 2½% = Rs 2440-0-6

June 1918

The minimum balance on 20th June 1918 Rs 906 5)3-13-3.

906.5)4 x 30 days = 271.3).220 @ 2½% = Rs 1858-11-6.

January 1919

The minimum balance on 15 January 1919 Rs 360 3)2-6-11

360.3)2 x 20 days = 72.07.440 @ 5% = Rs 987-5-2

360 3)2 x 11 days = 39.64.092 @ 6% = Rs 651-10-1

Total Rs 1638-15-3

1/100

Jawa's monthly minimum balances continued.

February 1919

The minimum balance is on 1st February 1919 R. 838.242-6-11

838.242 x 28 days = 23,430,776 @ 6% = R 3858-3-4

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march 1919

The minimum balance is on 1st march 1919 R 10.64.427-15-1

10.64.428 x 31 days = 329.97.268 @ 6% = R 5.426-3-3

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april 1919

The minimum balance is on 28th april 1919 R 631.607-12-8

631.608 x 30 days = 189.48.240 @ 2½% = R 1297-13-2

May 1919

The minimum balance is on 1st May 1919 R 9.32.534-9-5

9.32.535 x 31 days = 289.08.585 @ 2½% = R 1980-0-8

June 1919

The minimum balance is on 9th June 1919 R 11.05.596-0-10

11.05.596 x 30 days = 331.67.820 @ 2½% = R 2271-12-4

January 1920

No interest was allowed as the account was over-drawn

February 1920

No interest was allowed as the account was over-drawn

March 1920

No interest was allowed as the account was over-drawn

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april 1920

The minimum balance is on 5 april 1920 R 112.997-8-10

112.998 x 30 days = 33.89.940 @ 2½% R 232-8-0

Dewans monthly minimum balances Continued

May 1920

The minimum balance is on 31 st May 1920 R 666.5)9—0—5.
666.5)9 x 31 days = 20.63.969 C 2½ % R 1615-5-5

June 1920

The minimum balance is on 1 st June 1920 = R 591.995-12-11
591.996 x 20 days = 117.59.880 C 2½ % = R 1216-6-10

January 1921

The minimum balance is on 10 January 1921 R 311.048-9-2
311.044 x 11 days = 80.87.166 C 5 % = R 1107-13-3

February 1921

The minimum balance is on 10 February 1921 R 861.25)-12-5
861.258 x 33 days = 148.21.514 C 5 % = R 3.893-5-10

March 1921

The minimum balance is on 9 th March 1921 R 11.99.854-14-11.
11.99.855 x 2/31 days = 23.99.)10 @ 5 % = R 328-11-8.
11.99 855 x 29 days = 347.95.)95 C 4% = R 3813-3-10
Total R 4141-15-6

April 1921

The minimum balance is on 12 April 1921 R 19.20.301-6—.
19.20.31 x 30 days = 576.09.030 C 2½ % = R 3945-13-3

May 1921

The minimum balance is on 12 May 1921 R 32.76.028-12-1
32.76.029 x 31 days = 1014.96.899 C 2½ % = R 6951-11-5

June 1921

The minimum balance is on 17 June 1921 R 25.53.303-2-3
25.53.303 x 30 days = 765.99.090 C 2½ % = R 5246-8-3

V

STATEMENT OF MONTHLY MINIMUM BALANCES.

as per Comptroller's letter No. 15 Books of 26. 6. 92

Month.	1918.			1919.			1920.			1921.		
	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.
January	49,259	8	3	30,745	1	0	4,746	[illegible]		26,00,300	14	9
February	28,325	9	8	3,15,513	10	1	77,684	1[illegible]		23,18,430	5	2
March	86,574	3	11	.....			10,113	15		26,42,654	4	3
April	3,97,747	15	9	3,81,549	5	9	49,671	[illegible]		25,31,741	8	8
May	4,03,109	1	9	5,71,768	9	1	37,772	8[illegible]		25,16,448	4	8
June	1,93,984	1	4	3,88,197	0	0	1,18,853	[illegible]		27,98,776	0	0
July	93,834	1	4	1,54,720	13	5	2,349	1[illegible]		25,95,035	1	0
August	79,767	1	9	1,20,299	15	5	10,31,428	1[illegible]		33,28,118	9	2
September	8,088	14	2	1,18,778	0	8	15,30,390	[illegible]		50,49,930	9	4
October	4,21,589	13	8	4,11,221	1	8	31,63,587	11		42,78,110	13	7
November	2,48,234	8	10	1,80,843	15	2	30,98,574	6		35,65,174	11	9
December	2,14,652	0	11	1,75,485	4	0	32,01,884	4		46,43,875	14	5

THE BANK OF MYSORE LTD. BANGALORE.

3. 7

For THE BANK OF MYSORE, Ltd.

[signature]

Manager.

AN AGREEMENT made the twenty-seventh day of January 1921 BETWEEN THE SECRETARY OF STATE FOR INDIA IN COUNCIL (hereinafter called "The Secretary of State") of the one part and THE IMPERIAL BANK OF INDIA (herein after called "The Bank") of the other part WHEREAS the Bank was constituted and incorporated and is regulated by the Imperial Bank of India Act 1920 (being Act No.47 of 1920 of the Governor-General's Legislative Council and hereinafter called "The Act") in supersession and by way of amalgamation of the Presidency Banks of Bengal, Madras and Bombay (with a capital of Rs.11,25,00,000) with and subject to the various powers, provisions and restrictions in and by the Act set forth and it was thereby inter alia particularly provided as follows, viz., by Section 23 that the Bank should have local head offices in Calcutta, Bombay and Madras and at such other places in British India as the Bank (the constitution of which was provided for by the Act) with the previous sanction of the Governor-General in Council might determine and that the Bank might also subject to the provisions of the Act as to the business to be transacted there establish an office in London and by Section 10 that it should be lawful for the Bank under any agreement with the Secretary of State for India in Council (i) to act as Banker for and to pay receive collect and remit money bullion and securities on behalf of the Government (ii) to undertake and transact any other business which the Government might from time to time entrust to the Bank provided that every such agreement should provide (a) that the Governor-General in Council should have power to issue instructions to the Bank in respect of any matter which in his opinion vitally affected his financial policy or the safety of Government balances and that in the event of the Bank disregarding such

instructions the Governor-General in Council might declare such agreement to be terminated (b) that within five years from the commencement of the Act the Bank should establish and maintain not less than one hundred new branches of which at least one-fourth should be established at such places as the Governor-General in Council might direct.

NOW IT IS HEREBY MUTUALLY AGREED AND DECLARED by and between the said parties hereto as follows, that is to say:---

1. This agreement shall come into force on the signing of these presents and shall remain in force for the term of 10 years from the twenty-seventh day of January 1921 and thereafter unless and until determined as hereinafter provided.

2. The General Banking business of the Government of India and of all local Governments (in which business is included the payment receipt collection and remittance of money bullion and securities on behalf of the said Governments respectively) shall during the subsistence of this agreement be carried on and transacted by the Bank in accordance with and subject to the provisions of this agreement and with and to such orders and directions as may from time to time be given to the Bank by the Governor-General in Council or by any officer or officers of the Government of India authorised in that behalf and at such of the local head offices and branches of the Bank for the time being in existence as may from time to time be so directed and for this purpose such accounts shall be kept in the books of the Bank with the Government of India and the said local Governments and at such local head offices or Branches of the Bank as shall be necessary or convenient or as the Government of India shall from time to time direct.

3. During the subsistence hereof the Secretary of State and the Government of India shall employ the Bank as their sole Banker in India and deposit or cause to be deposited with

the Bank or allow the Bank to receive and hold as Banker the whole of the Treasury funds and balances in cash of or belonging to the Government of India or the local Governments and for the time being at any places at which for the time being the Bank shall have a local Head office or branch and the Bank shall subject to such orders as may from time to time be prescribed by the Government of India receive and hold for the said Government of India and the said Local Governments respectively all such moneys and balances as may be or become payable to or on account of these Governments respectively and the Bank shall transact at its local head offices and at its several branches for the time being existing respectively all such business for the said Governments respectively regarding the receipt collection payment and remittances of money and securities and other matters, as is usually transacted by Bankers for their customers. The Bank shall make the said Treasury funds and balances available for transfer to such at the said offices and branches places and at such times as the Governor-General in Council or an officer of the Government of India authorised in that behalf may direct. No interest shall be payable to the said Governments respectively or any of them on any of the funds moneys or balances for the time being held by the Bank, and no charge shall be made to the Bank for or in respect of payments to or transfers from the Government Treasuries currency offices and currency chests.

4. The Bank shall within five years from the said date on which this agreement shall as aforesaid come into force open one hundred new branches in different localities in India other than the Presidency Towns and places where a Branch now exist and the Government of India shall be entitled to determine the location of one in every four of such branches taking the same as far as feasible in the order of their opening, and the Bank shall not close any of its local head offices or branches now existing or hereafter to be opened except a sub branch in a

a town where more than one branch exist unless with the express consent in writing of the Governor-General in Council or an officer of the Government of India authorised in that behalf.

5. From and after the said date the management and transaction of all the business of the registered Public Debt and securities for the time being of the Government of India and the Secretary of State and the performance of all duties relating thereto respectively including the calculation and payment of interest and the consolidation division cancellation and renewal of Government Securities and the keeping of all registers and books and accounts and the conduct of all correspondence incidental or necessary thereto shall be transacted by the Bank at its local head office in Calcutta (in the same manner as heretofore by the said Bank of Bengal) and at its local head offices in Bombay and Madras and at any of its branches at which respectively the administration of any portion or portions of the public debt is for the time being conducted or interest thereon for the time being payable and shall also keep and maintain such registers books and accounts in respect of the portion or portions of the public Debt administered or the interest whereon is paid at such local head office or branches respectively as the Controller of the Currency may for the time being direct and shall audit all payments of such interest and the Bank shall during the subsistence hereof act generally as agents for the Secretary of State and the Government of India in and for the payment of the interest or principal of the said Public Debt and Securities or any of them as may be directed by the Government of India and in and for the maintenance of such registers accounts and books and the auditing of all such payments of interest as aforesaid and shall conduct such agency subject to such orders and directions with regards to the general management thereof and to opening and keeping of books accounts and registers as may from time to time be given to the Bank by the Governor-

Governor-General of India in Council or the Controller of the Currency and shall not alter any practice in relation to the matters aforesaid or any of them without the permission in writing of the Governor-General in Council or the Controller of the Currency PROVIDED ALWAYS and it is hereby agreed and declared that the Bank shall under and subject to the orders and directions of the Governor-General in Council or the Controller of the Currency use its best endeavours to decentralise the administration of the said Public Debt and to distribute the same among its various local head offices and branches

6. The Bank shall not be entitled to any remuneration for the conduct of the ordinary banking business of Government as hereinbefore described other than such advantage as may accrue to it from the holding of its funds moneys and balances of Governments free of obligation to pay interest thereon.

7. As and by way of remuneration to the Bank for the management of the business of the Public Debt and securities as aforesaid the Bank shall be entitled to charge to the Secretary of State half yearly a commission at the rate of Rs.2000/- per crore per annum on the amount of the Public Debt on the Books of the Public Debt Office (inclusive of that portion of the said debt and securities whereof the interest is payable elsewhere than in Calcutta) at the close of the half year for which the charge is made. In calculating this charge the following amounts shall be excluded from the amount of the Public Debt, viz.:--

(a) the amounts of loans discharged outstanding after one year from the date of ~~the~~ a notice of discharge

(b) the amount of the currency investment

(c) the amount of stock certificates for Rs.50000/- and upwards held by the Controller of the Currency, the Deputy Controller of the Currency, Bombay, and the Accountant General, Bengal, Madras and Posts and Telegraphs.

(d) the amount of stock and notes outstanding in the Lond

London register.

And in addition to the charge of Rs.2000/- per crore per annum the Bank shall be entitled to charge and shall receive a fixed sum of Rs.2000/- a year on account of the Stock Certificates referred to in head (c) of this clause and the Bank shall be a also entitled to charge and collect from the Public(but not from Government) for the use of the Bank all such fees and charges as are now or may hereafter from time to time with the consent of the Governor-General in Council be made payable for and upon the renewal consolidation division or otherwise of all notes which the Bank shall themselves renew consolidate or divide.

7.(a) In the event of the Bank managing and transacting the business of the debt of a Local Government the maximum half yearly commission which the Bank shall be entitled to charge to the Local Government shall be at the rate of Rs.2000/- per crore per annum on the amount of the debt of such local Govern ment on the Books of the Bank at the close of the half year for which the charge is made. In calculating this charge the amounts specified in heads (a) and (d) of clause 7 hereof shall be excluded from the amount of the debt. The amount of Stock Certificates for Rs.50.000 and upwards shall also be excluded from the amount of the debt and in respect of these the local Government will make special arrangement with the Bank.

8. The Bank shall be at liberty for the purpose of the transfer of its funds from any of its local Head offices or Branches to any other or such offices or branches to make payments into and withdrawals from the Government currency offices and Currency Chests free of charge.

8(a) Government shall not make any transfers of money for the General Public between any two places in which a local head office or a branch of the Bank is situated. The Bank shall as far as practicable give the public every facility for transfer of money between its local head offices and Branches at rates

not exceeding such rates as the Controller of the Currency may by special or General direction approve.

9. Government shall maintain a Currency chest at each Branch of the Bank situated at a place where there is no head office of a circle of issue of the Currency department and if the Bank shall provide sufficient accomodation for such chest or chests as may be required for the deposit of currency notes or coin held at the disposal of the currency agent or other Government officer appointed in that behalf. Government shall supply the said chests together with the necessary currency whether notes or coin and the Bank shall subject to any directions received from the Controller of the Currency in that behalf do the work of exchanging notes for coin and coin for notes and shall supply the Controller of the Currency with such periodical information as he may from time to time require as to the silver balances held by the Bank at each of its local head offices or branches. One key of the said chest or chests shall remain in the custody of the Bank and the Bank shall be responsible for the safe custody in its strong room of the said chest or chests and its or their contents and the responsibility of the Bank in respect of the said chest or chests and its or their contents shall be that of a bailee as prescribed by section 151 of the Indian Contract Act (Act 9 of 1872). The Bank shall allow the currency agent or officer as aforesaid to have access to the said chest or chests at all reasonable times for the purpose of withdrawing or depositing currency notes and coin. The Bank shall also be responsible for the examination and correctness of coin or notes at the time of deposit in or withdrawal of the same from the said chest or chests.

9(a) Government shall as far as practicable supply local head offices and branches of the Bank with the amount coin of denominations less than Re.1 which may be required by the Bank

10. The Bank shall receive and accept at any of its local head offices or Branches in payment of Government revenue and

rrom the administrations of State Railways on account of their traffic receipts Government Currency Notes of all circles indiscriminately.

11. The Bank shall not be at liberty to close any of its local Head offices respectively, except on Sundays, New Year's day, Christmas Day and if either of such two last mentioned days falls on a Sunday the next following Monday, Good Friday and an any other day declared to be a public holiday by any notification published in pursuance of the Negotiable Instruments Act (Act XXVI of 1881) or to close any of its branches for the time being existing except on Sundays and on holidays authorised by the local Government within whose jurisdiction such Branches may be respectively situated.

12. The whole responsibility for any loss or damage which may result from or arise in respect of or be occasioned by any theft forgery fraud misrepresentation or concealment or by any wrongful payment exchange or satisfaction through mistake or any error in calculation or any accident or mistake whatsoever to or by the Bank whether at any of its local head offices or branches or to or by any of its officers or agents whether in conducting the business of the Public Debt and Securities or in the payment of the interest thereon or in the renewal consolidation sub-division or cancellation of any Government Promissory Notes or Note or other Security or in any other connection shall as between the Secretary of State and the Bank rest solely and entirely with and shall be borne by the Bank who shall indemnify the Secretary of State against all losses cause and charges therefrom arising PROVIDED ALWAYS that if any loss or damage which may result from or arise in respect of or be occasioned by any theft forgery fraud misrepresentation or concealment shall be incurred in the conduct of the business of the Public Debt Office in connection with the renewal consolidation subdivision cancellation exchange or payment (whether of principal or interest) of any Government Promissory Note or other security and such damage or loss shall not be due

to or caused by any negligence or default on the part of the Bank or any of its officers or agents such loss or damage shall be borne by the Government and the Bank in equal shares Provided however that any loss or damage which may result by reason of the acceptance by the Bank at the time of the renewal conversion, consolidation or subdivision of Government Promissory Notes, of endorsements which prima facie appear to be in order and the genuineness of which the Bank shall have no reason to question, shall if such loss or damage is not due to or caused by any negligence or default on the part of the Bank or any of its officers or agents be borne by Government PROVIDED ALSO that in the event of the Bank being in doubt as to whether any endorsement on a Government Promissory Note should or should not be accepted the Bank shall be entitled to refer the matter to the Controller of the Currency or other authorised officer and if upon such reference the Controller of the Currency or other authorised officer directs the Bank in writing to accept such endorsement any loss or damage which may result from such acceptance shall be borne by Government PROVIDED FURTHER that in regard to the ordinary Banking business of receiving and realising money and securities for money on account of Government and paying cheques orders draft bills and other documents whether negotiable or not in the Banks capacity of Bankers for Government the responsibility of the Bank to the Secretary of State shall be that of a Banker to an ordinary customer.

13. If the Bank shall open an office in London a statement of the total funds and balances and particularly of the Government balance held by or at such office for the time being shall at all times while such office shall be maintained be furnished weekly by the Manager or other proper officer thereof or thereat to the Secretary of State. And the Secretary of State shall be at liberty at any time and from time to time to require the Bank to pay to him any sum which he thinks fit from the funds or balances of the Bank for the time being held at

the office in London against a corresponding debit against the Government in its account with the Bank in India PROVIDED ALSO that no such requisition shall be made without due notice to the Bank in London or at any of its local Head offices in India and that before actually making the same The Secretary of State shall give due consideration to any representations which may be made by the Bank to him as to the detriment or inconvenience to the Bank apprehended by it as the result of the proposed payment if made.

14. The Governor-General in Council shall be entitled to issue instructions to the Bank in respect of any matter which in his opinion vitally affects his financial policy or the safety of Government balances for the time being deposited with the Bank and if the Controller of the Currency or such other officer of the Government as may nominated by the Governor-General in Council to be the Governor of the Central Board of the Bank shall give notice in writing to the Managing Governors of the Bank that he considers that any action or step or proceeding proposed to be taken or carried out by the Bank will be detrimental to the Government as affecting the matters aforesaid such action step or proceeding shall not be taken or carried out unless and until the Governor-General in Council shall have approved thereof in writing. And if there shall at any time be any wilful disregard or failure on the part of the Bank to comply with the provisions of this clause the Governor-General in Council shall be entitled by notice in writing addressed to the managing Governors of the Bank and left at any of its local head offices to determine this agreement forthwith and on such notice being given the same shall forthwith be determined accordingly but without prejudice to any rights acquired by either party prior to such determination.

15. The Bank shall forthwith supply the Controller of the Currency with all such information as he may by special or general direction from time to time require and shall also

supply to the Governor-General in Council a weekly statement as to the position of the Bank and a copy of the Banks half yearly balance sheet.

16. This agreement may be determined at or at any time after the expiration of the said term of 10 years by notice in writing given in manner hereinafter mentioned that is to say that if on or after the expiration of 9 years from the said twenty-seventh day of January 1921 either of the parties hereto shall give to the other party a notice in writing expressing the desire to determine this agreement such notice if given by Government to be addressed to the Managing Governors of the Bank and to be served by being left at any of its local head offices and if given by the Bank to be served by leaving the same with or addressing the same by registered post to the Secretary to the Government of India in the Finance Department this agreement shall immediately upon the expiration of 12 calender months from the day of such service absolutely cease and determine save as to rights or liabilities acquired or incurred prior to such termination.

In witness whereof Edward Mitchener Cook, Secretary to the Government of India in the Finance Department by the Order and direction of the Governor General of India in Council acting for and on behalf of the Secretary of State for India in Council has hereunto set his hand and the common seal of the Imperial Bank of India has been hereunto affixed the day and the year first above written.

Copy of letter from Mr.C.E.Randle, Manager, Bank of Baroda Ltd., Baroda, to Mr. Rose, Manager, Bank of Mysore Ltd., Bangalore, dated the 9th November 1921

RE: TREASURY WORK.

Yours of 3rd: inst: to hand.

I am very pleased to hear the Mysore Government propose or rather contemplate handing over the working of their Treasury to the Bank. I feel sure it would be to their interest to entrust the work to you. I am sorry I am unable to furnish you with copies of the agreements as there none in existence - we took over on a mere letter stating that we were to do all Banking business of the State and for our remuneration for running the Treasury the Accountant General has always to maintain a Credit balance of Rs.5.00.000/- free of interest - any sums over these figures - the Bank to allow the usual rate on interest on Current Accounts. I may tell you that the Bank is backed by the State.

With kind regards,

Notes of points studied during my deputation to Madras and Calcutta Public Debt Offices and the Office of the Controller of the Currency.

I was ordered to study the system of work relating to the management of the Public Debt of India in the Public Debt Offices of Madras and Calcutta and in the Offices of the Accountant General, Madras and the Controller of the Currency, Calcutta.

2. I left Bangalore on the 22nd January 1921, and attended the Public Debt Office in the Bank of Madras from Monday the 24th January 1921 to Friday the 1st February 1921. Permission to attend the office of the Accountant General, Madras, was refused on the ground that the sanction of the Government of India was necessary in accordance with the instructions conveyed to the Accountant General in No.7018 dated 5th April 1913 of the Foreign Department of the Government of India. On receipt of revised instructions from the Comptroller I left Madras to Calcutta on 24th February 1921 and attended the office of the Controller of the Currency from Monday the 28th February 1921 to Monday the 7th March 1921, the Public Debt Office, Calcutta, from Tuesday the 8th March'21 to Thursday the 24th March 1921, and again the Office of the Controller of the Currency from Tuesday the 29th March 1921 to Friday the 1st April 1921. Leaving Calcutta on the 3rd April 1921, I reached Bangalore on the morning of the 7th April 1921. Excluding Sundays and holidays and the time taken in travelling the number of working days actually utilised in study was 48 as show below:-

	No of days.
Madras - Public Debt Office	23
Calcutta- Office of the Controller of Currency ...	11
Public Debt Office ...	14
Total	48

In the Public Debt Office of Madras, I was furnished with a copy of the Manual of procedure and P.D.O. Notes. With the help of this Manual I went through every Register maintained and studied the working of the Public Debt Office. The Manual was printed in 1913 and it has not been brought upto date. I took notes of further changes that were introduced with a view to bring the Manual upto date.

3. In Bengal the Manual was printed in 1902, but no spare copy was available. I therefore studied first the actual working by going over all the Registers and then copied out the Manual.

4. In the office of the Controller of the Currency I was given some collections of Government of India Orders bearing on the new system of selling notes over the Bank counters. The procedure for dealing with Lost Notes and the final yearly agreement of loans outstanding between the figures of the Public Debt Office and those furnished by the Accountant General Central Revenues was then shown to me in detail.

5. The work done in the Public Debt Office of Madras, is incomplete, intermediary and elaborate as it has complete information only in respect of Notes on which interest is paid directly by it and as it can issue new Notes only in respect of certain denominations. In Calcutta the system is complete and simpler as it has full information in respect of all Notes issued by it and by the Public Debt Offices in Madras Bombay and London and no intermediate registers are required to be maintained.

6. A Manual for adoption in the Mysore Public Debt Office prepared on the model of the Calcutta Public Debt Office Manual, is being compiled under

under Comptroller's Orders and will be shortly submitted to Government. This Manual will require suitable alterations according to such modification as may be made in the New Securities Regulations now under the consideration of Government.

6. Points of Law bearing on endorsements. Powers of attorney etc., can be compiled later on on the lines of the notes compiled in the Public Debt Offices of Madras and Calcutta by reference to the Laws in force in Mysore corresponding to British Indian Act and Rules.

7. The following are some of the important matters which I was able to study from the collections given to me in the office of the Controller of the Currency.

(1) New Agreement with the Imperial Bank of India. The agreement. I was allowed to see the agreement but I was not given a copy. Copy of the circular issued by the Controller of the Currency to the several Accountants General and Treasury Officers prescribing the procedure for dealing with the Banks in accordance with the new agreement and for exhibiting the balances with the Banks in the cash balance reports and accounts was given to me.

The details of the agreement are the following:-

PREAMBLE

(1) Date of commencement of the agreement i.e., ~~28th~~ 27th January 1921.

(2) The Bank is to do General Banking Business.

(3) The Bank is to receive all moneys and make payments for the Government.

(4) The Bank is required to establish within 5 years branches in 100 places.

(5) The Bank is to do all duties in connection with the Public Debt of India.

(6) No remuneration is payable to the Bank for Banking work in consideration of the Bank having been allowed the use of the whole balance of Government.

(7) For doing Public Debt Work the Bank will be paid the following commission.

Rupees 2,000/- per crore per annum on the amount of the Public Debt on the books of the Public Debt Office at the close of the half year for which the charge is made. In calculating this charge the following amounts are excluded from the amount of the Public Debt.

(a) The amounts of loans discharged outstanding after one year from the date of a notice of discharge.

(b) The amount of the Currency Investment.

(c) The amount of the Stock Certificates for rupees fifty thousand and upwards held by the Controller of the Currency, Deputy Controller of the Currency, Bombay or the Accountant General, Madras.

(d) The amount of Stock and Notes outstanding on the London Register.

In addition to the above charges the Bank receives a fixed sum of Rs.2,000/- a year on account of Stock Ceritificate referred to in (c) above.

The Bank is also allowed to charge fees to the Public according to the scale sanctioned by Government for renewal, consolidation or subdivision, for registration of documents, for attestation of signatures ~~and~~ and for search.

7. (A) The Bank is permitted to do Public Debt Work for Local Governments on such conditions as may be agreed upon.

8. The Bank is given the liberty to draw from and pay into the Currency Chests for transfers.

8.(A) Government will not make any transfers But the Bank should afford every facility by making transfers.

9. Government is to maintain a Currency Chest wherever there is a Branch Bank.

9. (A) Government is to supply coins less than Re.1/- as far as possible.

10. Railway receipts in Currency Note of all circles should be received indiscriminately if such notes are certified to be those received to be those received in payment of fares and freights.

11. The Bank shall not be at liberty to close their offices except on Sundays, New year's day, Xmas day and if either of two last mentioned days falls on Sunday, the next following Monday, Good Friday and on any other day declared to be a public holiday under the Negotiable Instruments Act.

12. The Bank is responsible for any loss or damage if such loss or damages be due to any proved negligence on the part of the Bank. Otherwise the Government will share half.

13. The Bank is required to open a branch in London.

14. Government may issue instructions to the Bank.

15. Bank should supply information to the Controller of the Currency.

16. The present agreement is to be in force for ten years unless it is terminated by either party by giving sufficient notice to the other party.

8- New loan **N E W L O A N.**

(1) Preliminary Arrangements.

Early in November or December after the six monthly estimates are received, discussions in regard to any new loan to be raised in the coming year are started and continued between the Financial Department and the Controller of the Currency. The Finance Member the Financial Secretary and the Controller of the Currency discuss the matter personally with each other and jointly and severally consult the Secretary and Treasurer of the Bank at Calcutta. The Secretary's

Secretaries and Treasurers of the Banks at Bombay and Madras are also invited to the discussion whenever possible or convenient. After the announcement in the Budget Speech, important non-official members and merchants are also consulted in an informal and confidential conference. The Finance Member with or without the Financial Secretary visits Bombay and consults the local financiers. The terms are then settled in general terms and communicated by cable to the Secretary of State asking for formal approval. The Government of India, unless the terms are finally settled reserve power to vary the details. As soon as the details are settled copies of the draft notification leaving blank the number and date of announcement of the notification and the date of receipt of applications, are sent to the Controller of the Currency, the Provincial Accountants General. These officers are asked to have the matter set in type and to have space reserved in authorised local newspapers for announcing the loan. In the meanwhile these officers and the Banks at Madras and Bombay send in their indents to the Public Debt Office, Calcutta, for the number of pieces they require As soon as their indents are complied with, the dates for announcement and for receiving subscription are fixed and all the particulars are communicated to the said officers by clear line wire and their acknowledgements taken also by wire. The notifications are printed in all the places and copies to Local Newspapers are sent at 9 P.M. on the day previous to the publication of the Notification. It is simultaneously issued in all the provinces. It is a standing rule with the Government of India to allow 15 days between the date of issue of the notification and of the date fixed for receipt of subscription from the Public so as to admit of all preliminaries being completed in the offices of the Accountants General and in the treasuries.

(2)- Issue of Scrips.

The scrips are issued by the Public Debt Office, Bengal, in the names of the several Banks and Accountants General according to their indents. In the issue register they are entered in the names of the Banks and officers to whom they are issued. In the Ledger of the Public Debt Office the new loan is debited and the officers and Banks to whom the scrips are issued are credited with the value of scrips.

Soon as the loan is closed scrips not issued are returned to the Public Debt Office. Such scrips are cancelled by the Public Debt Office in the issue Register according to the procedure prescribed for cancellations.

(3) Sales over the counter are done in the Banks by a special section of the Banking Department. Before the date prescribed for receiving subscriptions tables for calculating anticipation interest and for conversion, whenever such conversion is allowed, are kept ready. The Public are simply to follow the procedure prescribed for paying money into the Bank and ask for scrips. The required scrips are then endorsed over to the subscriber under the signature of the Deputy Secretary and Treasurer. At the end of each day a list showing the number and value of scrips sold is furnished to the local Public Debt Office. From this list the general check Register as maintained in the Public Debt Office, is prepared.

(4) In treasuries applications with money are received from the public who are granted receipts in the form prescribed. The applications received during the day are forwarded at the end of each day with a list to the Accountant-General of the Province. The Accountant General checks the list with the applications and endorses over in the names of the subscribers specified.

specified in the applications makes necessary enfacements for payment of interest and sends the promissory Notes with an invoice to the Treasuries for delivery to the parties on surrender, duly discharged of the receipts originally granted. There was a proposal to authorise the Treasury Officers also to sell over the counter. After much discussion the proposal was dropped on the ground that many legal difficulties will arise as the Treasury Staff has not sufficient experience as the Bank's staff. The procedure above described was finally adopted from 1918. In the Accountant General's Office a separate section called the Loan Section is formed whenever a loan is floated.

9. PRINTING OF NOTE FORMS:

(1) The border forms consisting of ground work and border are printed by Messrs Waterlow & Sons who print also forms of Promissory and Currency Notes for several continental Governments. The printing and supply is supervised by the Director of Stores in the India Office. The proofs of the forms are approved by the Government of India. Three different colours are used for borders as shown below:

Green.	For forms	below 5,000
Red	do.	from 5,000 and below 25,000
Blue	do.	from 25,000 and above.

(2) The quality of paper used is the best hand made without any chemical treatment and with deckle edges. The use of fugitive inks is prohibited as printing and writing over such inks cannot be easily done.

(3) Waterlow & Sons rely for protection against forgery on an elaborately engraved design and regard water-marks as of little or no use. But the practice of Foreign countries in regard to the issue of Currency Notes seems to be opposed to the firm's view.

The Bank of England rely on a simply printed bond prepared by themselves on their own copy right water marked "Security" paper.

(4) Answers to questions in Parliament regarding the protection of Notes from forgery seem to have been reported in the Times of London dated the 27th August 1914. I could not get hold of the paper referred to, to find the nature of the answer given.

(5) The border forms are despatched from England in packets of 500 each to the P.D.O. Calcutta. The stock is entered in the packet book and whenever the packets are opened the forms are taken to the stock book of border forms.

(6) The printing of the pro notes on the border forms is done at the press maintained by the Bank solely for this work. There are two platen and half a dozen hand presses. Machine presses have not been introduced as perfect registration can be secured by hand presses only. The wording of the Promissory Note is prescribed by the Controller of the Currency after getting the approval of the Government of India.

(7) In all the promissory notes the Government of India promise to pay the Principal and interest "at the General Treasury at Fort William" though in the rules framed under the Government Secureties Act they have authorised the payment of interest at any of the Government Treasury from which the holder may desire by proper enfacements on the promissory notes and though they with certain restrictions, authorise the payment of principal from any of the Government Treasuries. The corresponding wording in our Promissory Notes is "at the Government Treasuries of the Mysore State". The wording adopted in our pro: notes tacitly dispenses with the necessity of getting the pro: notes enfaced for payment of interest at any treasury from

which the holder may desire to have the interest paid. Without getting the pro: Notes duly enfaced as required by the rules, he has a right to demand payment of interest from any treasury according to the terms of the bond. In order to remove this anomaly the wording of the bond should, I think, be changed ~~to~~ into "At the State Huzur Treasury, Bangalore". In the rules framed under the Regulations the holders are permitted to draw the interest from any treasury by getting their pro:notes duly enfaced.

(8) The following extract from para 3 of the Note date 16th January 1918 of M.M.S. Gubbay, the Controller of the Currency, on the Report of the Accountant-General Posts and Telegraphs on the results of the Post Office Section of the First Indian War Loan shows the view taken by the Controller of the Currency in regard to the issue of pro: notes for Rupees less than 100/-.

"The Accountant General has not given any statistical details as to the applications for Rs.25/- and under Rs.100/-. These small investments being a new feature in our loan operations, such details would have been of interest, but it appears that the average value of the applications for Rs.100/- and under was Rs.64/ in the case of War Bonds 1920, ~~Rs.68/- in the case of War Bonds 1922~~, Rs.68/- in the case of War Bonds 1922, and Rs.35/- in the case of War Loan 1929-47. I mention this point because when we come to the question of the details in connection with the War Loan of 1918 we shall have to consider whether we shall repeat the same facilities this year. The Public ~~exemption~~ Debt Office take strong exception to the issue of scrip of such small denominations but I am in no way prepared to endorse these objections and it is my view that the statistics which I have quoted fully demonstrate the

necessity of retaining in this year's loan the same facilities for the small subscriber as were permitted last year. I think, however that it might be necessary to make it clear in the loan Notification that scrip for so small a value as Rs.25/- will only be issued to applicants for that particular sum and that it shall not be open to a subscriber for Rs.200/- to claim 8 Notes of Rs.25/- each. Such a rule would meet the Public Debt Office's objections, while still retaining for the small investor all the facilities that he has enjoyed this year."

10. SIGNING OF THE PROMISSORY NOTES.

(1) Upto 1918 the following procedure was adopted for affixing the signature of the Controller of the Currency to the Promissory Notes:-

New Notes are forwarded by the Public Debt Office to the Currency Office for the stamping of signature. The same stamp as are used for Currency Notes are used for this purpose also. They are accompanied by a Register showing the number of pieces and amounts separately. The Currency Officer affixes the signature on each note and after comparing the amounts with the register and entering the particulars under his initials in a supplementary register, returns the register. The next day the cancelled Notes and the scrip in respect of which the New Notes have been issued are submitted to the Currency Officer with a schedule.

The cancelled Notes are compared with the schedule and also with the entry in the supplementary register made the previous day. The Notes are stamped with the office stamp and returned to the Public Debt Office".

(2) The applications received in 1917 were more than 70 thousand. The Public Debt Office could not issue the pro:notes in time to the public.

The work was more than 4 months in arrears. The Secretary and Treasurer of the Bank of Bombay, purchased certain quantity of paper and sold them over the counter to the public. This experiment done at the risk of the Bank of Bombay, was successful and the Government of India adopted the system of selling over the counter in 1918. The question whether the Banks should be asked to first purchase from Government and then sell to the public, the Government undertaking to take back any unsold scrips or to hand over in trust the scrips issued in the names of the Banks on behalf of the Government for sale over the Banks counter was discussed. The latter course was eventually adopted. In this procedure considerable number of promotes have to be signed and stamped with the signature stamp of the Controller of the Currency within a short time. As the old procedure of sending the Notes to the Currency Office for being stamped involved much labour and time and did not serve any useful purpose, the three Public Debt Offices in Calcutta, Madras and Bombay have each been supplied with a separate signature stamping machine and die. The die is kept in the personal custody of the Superintendent, Public Debt Office.

11. AGENCY FOR PUBLIC DEBT WORK.

(1) Upto 1st January 1866 the duties in respect of the Public Debt of India was done and performed in what is known as the Loan Department under the superintendence of the Comptroller General of Accounts.

(2) From the 2nd January 1866 the management and transactions of all business of the registered Public Debt of India were transferred to the Bank of Bengal under the conditions specified in an agreement entered with the Bank on the 14th April 1866.

(3) In the Government Securities to safeguard the interest of Government as the maker of the promotes

the examination of the endorsements on the back of the notes as often as possible is considered essential in order to take timely action in respect of imperfect titles and forged and other irregular endorsements. If such irregularities are not challenged and rectified in time Government will be dragged unnecessarily into Law Courts and may eventually be put to loss. The staff of a bank from the nature of their daily duties are considered to be better trained in Law Merchant and therefore better able to examine the endorsements satisfactorily than the staff in Government Offices who have not such facilities for this kind of work. It is with this object in view that the management of the Public Debt is entrusted to the Bank, that only three enfacements twenty half-yearly interest cages and ten endorsement columns are allowed and that the payment of Interest in Presidency Towns are made by the Bank. By this arrangement of paying interest by the Bank in Presidency towns, not only the interests of Government are safeguarded by providing means for the halfyearly examination of a majority of Notes but the popularity of the securities are assured by the facility afforded to the holders for realising the half-yearly interest The majority of holders being mercantile firms and Banks and contituents of the Bank itself such payments are made by simple Book adjustments and through the clearing house without the necessity of producing any formal voucher as is the case in respect of payments made from Government treasuries.

12. Routine duties of the Public Debt Offices In India.

(1) Payment of Inte est on Government Securities to the holders in Madras, Bombay and Calcutta.

(2) Renewal Consolidation, Sub Division, conversion from one loan to another and conversion of promissory notes into stock and vice versa.

(3) Enfacement of Notes for payment of Interest from any Government Treasury.

(4) Verification of claims in respect of lost notes.

(5) Examination of endorsements and maintenance of Power of attorney etc., Registers and various other subsidiary registers for the proper discharge of its duties.

(6) Stock Register of new Notes forms.

In addition to the above, the Calcutta Public Debt Office maintains stock Register of ~~Skeleton~~ border forms received from London, account of forms supplied to the Public Debt Officesat Madras, Bombay and London, and audits the payment of interest in Bombay, Madras and Mofussil Treasuries. It ~~is~~ also maintains an account of outstanding balance of all loans issued by Government of India. All doubtful cases and claims on Lost Notes are submitted to the Controller of the Currency for orders who issues final orders in all cases, Consulting the Government solicitor only in cases where he himself entertains any doubt.

13. Suggestions. As we have now raised a big loan in 1920 and there is every prospect of floating new loans for some years to come, very early steps should be taken to form, pending the transfer of the management of the Public Debt to the Bank of Mysore, a Public Debt Office or an independent branch of the Comptroller's Office for Public Debt work, on the model of the Public Debt Office, Calcutta. The duties of this office or branch may be

(1) Payment of Interest on Securities held by persons residing in Bangalore.

The amount of Mysore Government Securities held by holders who are residents in Bangalore is nearly 75% of the total issues. The Interest is now paid by the State

Huzur

Huzur Treasury. The Treasury staff is quite inadequate to attend promptly to the payment of interest. They are not sufficiently trained to examine the endorsements on the pro: notes. To safeguard the interests of Government, the timely examination of the endorsements is very essential. If our securities should be popular, prompt payment of interest to the public according to a definite procedure is very essential. Now that we have a Negotiable Instruments Regulations of our own, it is necessary that we should arrange to pay the interest on the notes on the due dates. This can be secured only if the Comptroller is authorised to pay interest by means of interest warrants to holders of securities residents in Bangalore, as is done in the Public Debt Office of Calcutta, Madras and Bombay. It is under the contemplation of the Government of India to create some more Public Debt Offices for relieving congestion of work in the existing offices.

2. The work of Renewal, Sub-Division, and consolidation of securities. Under the present arrangements for affixing signatures to the pronotes there is much avoidable delay and unnecessary work on the Comptroller' Office. Many complaints have already been received as regards delay in renewing promissory notes of the 6½% Loan 1940. Either we should follow the system adopted in British India or we should devise some simpler arrangement so that pro:notes made ready for issue may be signed on the succeeding day.

3. Enfacement for payment of interest from any Treasury. At present all the pro: notes issued bear an enfacement showing the place of payment of interest. But if the Comptroller's Office be permitted to pay interest by interest warrants as suggested above such notes will bear no enfacement like Government of India Securities upon which interest is paid in Calcutta.

4. **Claims on lost Notes.**

To enable the Comptroller to carry out these duties successfully, the wording of the promissory notes should be changed as pointed in para 9 (7) supra, the maximum No. of Interest cages to be printed on the back should be only twenty, the number of endorsement cages should be only ten or eleven in the case of sales over the counter and the number of enfacements that can be made on a pro: note should be limited to three by a specific statement made in the rules framed under the securities Regulation.

The work in connection with the issue of a new loan can be done by a new section formed for the purpose and carried out by that section under the terms of the Government Notification announcing the issue of the loan.

25th May 1921

C. S. Dhéraiya

A

Report of the Mysore Bank Committee appointed in Government Order No.Fl.5500-49/G.F.93-19-11 dated 9th March 1920.

3717.

SECTION 8.7.
93-19.
19.

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From

B. Srinivasa Iyengar, Esq., B.A., B.L.
Secretary,
Mysore Bank Advisory Committee.

To

M. N. Krishna Rao, Esq., B.A.,
Financial Secretary to the Government of
His Highness the Maharaja of Mysore.

Sir,

A

With reference to Government Order No.Fl.5500-49/G.F. 93-19-11 dated 9th March 1920 constituting a committee to advise Government in the matter of improving the resources of the Bank of Mysore and of enhancing its usefulness, I am directed to submit the following report for the consideration of Government.

2. The Committee held 4 sittings under the presidency of the First Member of Council. The names of the members who were present in the several meetings are shown in the

attached statement.

3. The terms of reference are contained in para 3 of the Government Resolution and the recommendations of the Committee submitted below follow as far as possible the order in which the points are therein enumerated.

I. Increase of Capital and Reserve Fund.

4. The authorised capital of the Mysore Bank is 20 lakhs consisting of 20,000 shares of 100 rupees each. All the shares have been issued and half the share capital is paid up. The other half is now called in in instalments and is in course of collection. The resources of the Bank according to the latest weekly statement are about 115 lakhs and the deposits are also gradually expanding. But the volume of trade and business in the State requiring finance is many times the resources of the Bank which is accordingly unable to afford all the assistance for which there is need. The higher level of prices of commodities has also increased the demand for accommodation. The growing volume of deposits is increasing the dis-proportion between them

and the Bank's Capital. In the general interests of the Bank, it is necessary that the amount of share-capital and reserve funds employed in the business of the Bank should be much larger than it is. The need for extension of banking facilities in the State by opening branches in all centres of trade and business is another factor which calls for an augmentation of the resources of the Bank. The Directors of the Bank accordingly proposed in November 1919 to increase the authorized capital by 30,000 shares, to issue 20,000 shares at once and offer them to the existing share-holders in the first instance at a premium of Rs.30 per share with Rs.50 per share to be called up, the paid up capital being thus raised to Rs.20 lakhs. As the general meeting of the share-holders convened for considering this proposal did not arrive at a final decision in the matter, the Directors of the Bank have in the meantime called up the unpaid half of the original issue of 20 lakhs.

In the course of the discussion on this subject a question was raised by some of the members as to whether

the improvement of the resources of the Bank by issuing additional capital was not a matter mainly for consideration by the share-holders of the Bank. The Committee were of opinion that in view of the Bank being a state aided institution, of its increasing operations and of the larger interests of Government involved under the new arrangements in contemplation, theBank should be advised as regards adding to its capital. The several forms of issue of capital ~~whether by~~ viz the issue of stock guaranteed by Government, ~~of~~ Preference Shares or of ordinary shares at a premium as originally proposed by the Directors, were considered. The sense of the Committee was that the new capital might be raised by the issue of ordinary shares only.

Messrs. Puttanna Chetty and Rose held at first the view that the authorized capital might be raised to Rs. One crore of which one half should be called up immediately and the other half kept as reserve liability. They observed that the Bank would require the whole of Rs.50 lakhs immediately for meeting the present demand for accommodation and also for opening 3 additional branches at

District Head-quarters to take up Treasury business. As the Bank would in their opinion require further additions to share capital in a year or two, they thought it much better to raise the amount once for all to the required limit and save the trouble of getting the sanction on each occasion of the share-holders on the one hand and also of the Government and the Chief Court on the other. Doubts were however entertained by the rest of the members as regards the desirability of enhancing the Capital at once to One crore and also of having any reserve liability at all. They considered it sufficient to raise the Capital to 50 lakhs for the present as originally proposed by the Directors of the Bank and to call up the whole of the new issue without leaving any reserve liability, and to increase the share-capital further should any need be felt in future. The Committee finally arrived at the unanimous conclusion that the authorized capital might for the present be raised to 50 lakhs and that the whole of the new capital of 30 lakhs be called up as required from time to time.

Terms of raising the new capital.

5. ~~The question~~ then for consideration is the terms of issue of the new capital. The Committee's recommendation on this point is, that 20 lakhs may be offered to the share-holders i.e., one share for each share now held and the balance of 10 lakhs to the public and that if the shares allotted to the former are not fully taken up by them within a period to be specified by the Directors of the Bank, the shares not subscribed for by them may also be offered to the public. Messrs. Garudachar, Shankaranarayana Rao, D'Souza, Ranganatha Rao Saheb and Ranga Rao were, however, of opinion that of the proposed new capital, 10,000 shares of face value 10 lakhs may be taken up by Government, as the association of Government with the Bank as a share-holder would enhance the prestige of the Bank and attract larger deposits than at present from the public outside the State.

Mr. Ranganatha Rao Saheb further urged that, if the resources of the Bank should be utilised for the industrial development of the State and the assistance given to industries should not be strictly limited to the extent of the funds placed by Government at the

disposal of the Bank for the purpose, the amount of its share capital and reserves should bear a much larger proportion to its total liabilities than is ~~usual in the case of ordinary total liabilities than~~ is usual in the case of ordinary Deposit Banks. It is well-known that ordinary Deposit Banks such as the Bank of Mysore which are modelled on English Banks are not well equipped for the business of industrial finance carrying as they do large call liabilities on a minimum reserve. Any scheme which involved industrial finance being taken over by such a Bank required that the proportion of share capital and reserves should approximate to that obtaining among German Banks in which they were as high as 45% of the total liabilities. He said that, if the Committee decided to recommend to Government that the Bank should be advised to seriously turn its attention to Industrial Finance, this recommendation carried the further responsibility that some part of the larger proportion of the capital required in the case of such Banks should be contributed by Government, as it could not reasonably be expected to be furnished by the shareholders.

The sense of the Committee however was that there were difficulties in the Government assuming the position of a large share-holder in the Bank. According to the arrangement now proposed, Government would be large depositors in the Bank and that itself would be a sufficient guarantee to secure public confidence in the Bank In view of the transfer of treasury business and other work to the bank, the Committee apprehend that the position of Government as share-holders would complicate matters. The Government of India have not proposed to take any shares in the Imperial Bank. Even in most of the State Banks of the West it is believed that no share capital is held by the Governments. In the matter of enabling the Bank to advance funds for initial capital equipment in Industrial and Commercial enterprises the Committee consider that instead of subscribing to the Bank's share capital, Government might preferably lend the Bank the required sum of money at interest for a specified period and undertake a share of risk in respect of the loans advanced from such funds as suggested in para 7 ~~xx~~ infra. For these reasons

the Committee are of opinion that the question of Government taking up shares in the Bank is one mainly affecting the general policy of Government which is best decided by themselves.

There was no difference of opinion among the members as regards the desirability of issuing the new capital at a premium considering the demand for the shares of the Bank and the need for strengthening the reserve fund. The shares (already Rs.50/- paid up) are now commanding a premium of over 100% in the market. The new capital even if issued at a premium is under present conditions likely to be over-subscribed. After fully discussing what should be the amount of the premium that would be considered reasonable, and whether any special consideration should not be shown to the present share-holders, the Committee resolved that the existing ~~xxxx~~ share-holders be offered 2/3 of the new capital at a premum of Rs.25/- per share and the public 1/3 at not less than the market rate to be fixed at the discretion of the Directors of the Bank. In allotting the shares to the public, preference will be given to Mysoreans as far as possible. The premia received should be added

to the reserve fund.

Extension of Banking facilities.

6. The Bank has so far opened 9 branches or agencies at the following places:-

Place.		District.
Mysore	in	Mysore District
Shimoga	"	Shimoga District
Tumkur	"	Tumkur District
Chikmagalur	"	Kadur District
Davangere	"	Chitaldrug Dist.
Chennapatna	"	Bangalore Dist.
Sagar	"	Shimoga District
Tiptur	"	Tumkur District
Oorgaum	"	Kolar District.

No branch or agency has yet been opened in the District of Hassan. The Bank has got offices only in 5 District Head-quarter towns and there is no branch or agency in the towns of Hassan, Kolar and Chitaldrug. In view of the proposed transfer of treasury work at District Head-quarter towns where the Bank has already got Offices and is ~~xi~~ ready to take up the work, and of the desirability of securing a uniform arrangement in all the Districts, the Bank should open branches at the remaining three District Head-quarter towns also at a very early date. The need for rapid extension of banking facilities in the State by opening branches in these 3 places and other principal towns was admitted by the representatives

of the Bank. The policy of the Bank should be to open Offices at all Taluk Head-quarters, the more important of them in point of trade and business being of course given preference. The opening of more branches requires both staff and funds. With the increase of the Bank's Capital as now proposed, the difficulty of funds will to a large extent be removed. The treasury work at Taluk Head-quarters also might gradually be transferred to the Bank if it should have a branch there. As regards the paucity of trained men, some systematic arrangement will have to be made through the help of the Bank itself to have a number of young men of Mysore trained in banking work and this point is dealt with separately in a later paragraph of this report. The Committee's recommendation is that for the present the Bank should aim at having six additional branches in the State in the course of the next 3 years, 3 in the towns of Hassan, Chitaldrug and Kolar and 3 in other principal centres of trade.

Industrial Finance.

7. In regard to the co-operation of the Bank in the Industrial and Economic development of the country, the

questions that came up for consideration are:- (1) Whether the Bank is prepared to take up all the business of financing Industrial concerns including the pioneer enterprises or those yet in an experimental stage. (2) Whether the Bank requires any additional funds to be placed at its disposal ear-marked for this purpose. (3) What should be the rate of interest to be charged to the Bank if Government Funds are placed at its disposal and what is the borrower to pay. (4) By whom should the loss if any be borne, whether by Government, or the Bank or both and if by both in what proportions.

There are several kinds of loan transactions under this head:- Loans for initial capital e.g., for purchase of machinery and first equipment or further developments and those for current finance. There are the loans for purchase of machinery and equipment on the hire-purchase system according to which the party desiring the loan deposits one-fourth of the purchase money and wants accommodation for the other three-fourths.

It was agreed by all that current finance of working concerns should be provided by the Bank as part of

its ordinary business under the usual terms.

As regards the provision of capital for first equipment and subsequent developments, the recommendations of the Industrial Commission as contained in paras 289-91 of the report were considered in this connection. The representatives of the Bank proposed to render assistance on the terms recommended by the Commission. They had also no objection to the Bank taking up all the business if the loans were guaranteed by Government against loss, and if additional resources to the extent required from time to time were placed at its disposal by Government from the Industrial Investment Fund, the Bank being permitted to lend at current rates. Mr. Rose added that Government might either place a sum of money at the disposal of the Bank ear-marked for the purpose, say at 6% for a term of years, or as an alternative they might permit the Bank to enter into an arrangement with some Industrial Bank to furnish itself with the necessary funds and do the Industrial business as a separate branch of the Mysore Bank. The question regarding the extent of guarantee to be undertaken by the Bank in the matter of Industrial Taccavi loans and the funds

from which they should be issued formed the subject of much discussion. The members finally came to a unanimity of opinion in the matter and the arrangement suggested in regard to the issue of these Industrial Loans for the consideration of Government is as follows:-

All the preliminary investigation as regards the successful character of the venture and the desirability of giving accommodation is to be made as heretofore by the Department of Industries and Commerce. The cases recommended by the department as deserving of help might be referred to a Board consisting of the Manager of the Bank, two of its Directors and the Director of Industries and Commerce. The Bank should issue the loans out of a special fund to be created for the purpose either by an advance from Government at interest for a specified term of years or by obtaining long term deposits with, if necessary, the guarantee of Government. The rate of interest to be charged to the borrowers should as far as possible be lower than the current rates and be decided by the Board above referred to from time to time. When the special fund is created

wholly out of the Government advance or deposits guaranteed by Government and the loans are issued from such funds in accordance with the procedure above mentioned, ~~xx~~ the share of losses if any, may be borne by Government and the Bank in the proportion of 2/3 and 1/3.

8. Transfer of Government Treasury Work to the Bank.

One of the concessions to the Bank contemplated in the Government Order of 1913 was the transfer to it at District Head-quarters and other places, of such treasury business as may be decided upon by Government from time to time. Except allowing some of the local bodies to deposit their surplus funds in the Bank and permitting the two premier municipalities of Bangalore and Mysore to lodge

the whole of their funds with the Bank and entrusting a part of the treasury work at Bangalore, Government have not till now transferred any other treasury business to the Bank. The Committee are unanimously of opinion that treasury cash work at all the District Head-quarter towns may now be transferred to the Bank. The Bank has already opened Offices in four District Head-quarter towns other than Bangalore; in these place and in Bangalore the transfer may be effected as soon as the Bank is ready to take up the work. To secure a uniform system in all the districts the Bank should also arrange to open immediately branches in the remaining Head-quarter towns of Kolar, Hassan, and Chitaldrug. The Committee further think that the cash work of such of the Taluk Treasuries where the Bank has or will have branches may also be entrusted to the Bank. One point requires to be made clear in this connection. The recommendation herein made is only for the transfer of the cash portion of the work ie., the receiving and paying of money on behalf of Government. The arrangement will be generally on the lines of the rules contained in Chapter 32 of the Civil Account Code, Vol.1 framed by the Government of India in respect of their treasury work entrusted to the Presidency Banks. The acco

work as well as the acceptance of challans and bills for payment will be done by Government Officers as heretofore. In order to avoid the inconvenience to the public having transactions with the treasury the preliminary audit and the accounts work to be performed by Government Officers as well as the cash work by the bank should be arranged for in the same building. Suitable arrangements have therefore to be made for accommodating the Bank and the Government staff in buildings conveniently situated for public business. As regards the additional staff required by the Bank for undertaking Government business the Bank should of course provide it at its own cost. If, during the initial stages of the opening of a new branch to which the treasury business is transferred, the Bank incurs any loss in doing such business, Government may make a temporary contribution towards the cost of establishment. In view of the paucity of trained men the Committee consider that as a tentative arrangement such of the men on the Government establishments as the Bank might require may be lent to it on the usual terms. Of the rest such of the members of the cash branch of Government Treasuries in places where the work is entrusted to the Bank as have rendered full service may be retired and the others pro-

provided for as far as possible in other Departments to prevent the need of granting compensation pension.

For working out the details of the transfer, the Committee beg to suggest the formation of a small Committee consisting of 2 Government Officers of the Accounts and Land Revenue Departments and 2 representatives of the Bank who will go into the question and submit for final orders of Government, detailed proposals in the matter of distribution of treasury work between Government Officers and the Bank and of the staff required therefor.

Transfer of Public Debt Business.

9. Some of the local bodies have already raised debentures on the guarantee of Government. It is the policy of Government, to encourage as much as possible the raising of public loans for financing local productive works. The public debt work of local bodies, such as the issue of debentures, payment of interest to debenture holders, maintenance of accounts and other cognate matters, the Committee consider, may be entrusted to the Bank. The Public Debt Work of Government may also in their opinion be transferred as far as possible to the Bank. The terms on which and the extent to which the Bank's services may be availed of for the work thus transferred and the

and the remuneration to be allowed to it for assistance in floating loans may be settled separately with the Bank according to the circumstances of each case. The Bank should actively co-operate in all possible ways with the local bodies and the Government in raising - public loans.

Definition of the relation between the Government and the Bank.

10. This is a very important point and the Committee have considered this subject under the following heads:-

(1) How should the relation between the Bank and Government be defined.

(2) In what way can Government secure an effective - control on the working of the Bank in so far as public interests are concerned.

(3) In what respects does the present relationship - require modification.

(1) Under the order of 1913 the Bank is required to conform to certain conditions as enumerated in para 5 of the order. Two of the concessions which were granted to the Bank in that order, namely payment of half the - working expenses of the Bank and free supply of Treasury Guards and escort for remittance which were limited to a period of 5 years have already ceased. With the

expiry of the period of ten years for which a deposit of five lakhs free of interest and another of five lakhs at a concessive rate of interest have been allowed, the relation of the Bank with Government will be somewhat - altered. Having regard to the proposed closer association with Government by the transfer of treasury work and otherwise, the exact position of the Bank and its relation with Government will have to be more clearly defined. The question whether the Bank should be - placed on a statutory basis on the lines of the Presidency Banks or whether it would suffice to suitably amend the articles of association and have an agreement for say 5 years defining the terms of relationship between the parties was fully discussed. The arguments for and against undertaking legislation immediately were carefully considered and the general sense of the Committee was in favour of the alternative of having an agreement executed between the parties, the period of agreement to run for 5 years in the first instance. They are of opinion that the question of undertaking legislation or having a revised agreement may be considered after the expiry of 5 years. The Committee however suggest that as a safeguard, power should be reserved in the -

agreement, to Government resorting to legislation at their discretion at any time during the currency of the agreement. Government should also be at liberty to terminate the agreement if the Bank fails to observe the conditions in any way.

(2) According to the present constitution of the Bank, Government have no nominees of their own on its Directorate. In view of the proposal to place Government Funds more largely with the Bank and of the closer association of Government with it for the future, the Committee are unanimously of opinion that there should be a representative of Government on the Board of Directors. What should be the powers and duties of the Government nominee and to what extent he can interfere in the management and working of the Bank requires to be carefully considered and settled separately. It was generally agreed however in the course of the discussion that one of the important functions of the Government Director should be to keep the Government in touch with all important developments in the Bank's general policy and that he should have an effective voice in matters affecting public interests or the safety of Government balances. It may be mentioned here that two members

of the Committee, Messrs.Ranganatha Rao Saheb and V.Rangaswami Iyengar, were in favour of having two Government nominees on the Bank's Directorate, one to safeguard the financial interests of Government and another to look after and advise on the industrial side of the Bank. Mr.Puttanna Chetty pointed out that the Director of Industries would be a member of the - Special Board under para 7 for Industrial loans.

(3) One of the conditions to which the Bank should conform at present is to obtain the approval of Government to the appointments of the Chairman of the Board of - Directors and of the Manager of the Bank. With the large extension of business in the near future, the appointment of a highly paid Deputy Manager might become necessary and the Committee consider that his appointment also should be subject to the approval of Government.

(4) In the memorandum and Articles of Association of the Bank, provision is at present made for the audit and inspection of accounts of the Bank once a year or oftener. Article 3(c) and (j) also provide for the Bank entering into an agreement with Government to act as Bankers and to do other business for them. The memorandum and articles will have to be carefully scrutinised to see in what -

respects they require modifications if the several - recommendations of the Committee are approved by Government. A small Committee consisting of 2 financial and legal advisers of Government and 2 representatives of the Bank may be appointed to draft an agreement to be - executed between the Bank and Government and submit - proposals for the revision of the Memorandum and articles of association. There should be an express provision made in the agreement that previous consultation with Government is necessary before any modification of the Memorandum or Articles of Association is made by the Bank in future.

Increasing the Govt. surplus balances with the Bank.

91. In accordance with an arrangement entered into with the Bank in March 1918, 1/3 of the surplus balances at Head-quarters is to be placed with the Bank of Mysore under certain conditions. The Bank considers that the terms of this agreement are such that no portion of the Govt. balances deposited with the Bank is capable of being utilised and that the fluctuations in the Balances are such as not to allow the Bank to rely to any extent on a reasonable minimum balance being always maintained. The Committee are aware that there has been some -- difficulty in the past which has operated against the successful working of the existing arrangement. They

further consider that the fixing of a definite proportion of surplus balances to be kept in the Bank is not ~~easy of working~~ possible in actual practice as the Comptroller will have to move funds very frequently. On the other hand to undertake to place a minimum amount in the Bank might interfere with the financial arrangement of Govt. especially when the balances at Head-quarters are low. Considering all the circumstances of the case, the Committee would suggest a sum of 5 lakhs out of surplus balances as a fair minimum to be kept with the Bank as far as possible, without fettering the freedom of Govt, for withdrawing any portion of it in the event of need.

The representatives of the Bank were agreeable not to fix a maximum of such deposit for purpose of calculation of interest.

Other matters enhancing the usefulness of the Bank etc.

12. Some of the directions in which the usefulness of the Bank may be enhanced and its help secured in the Industrial and Economic Development of the country which suggest themselves to the Committee are set forth below:-

Land Mortgage Bank.

(1) The most important proposal under this head is about the Land Mortgage Bank, the starting of which is under

the contemplation of Government. The idea is that the bonds of the proposed Bank should be guaranteed by - Government . The Committee are inclined to think that the working organization of the Mysore Bank might be usefully utilized in that connection. They consider that if the two kinds of business and the funds from which they are financed are kept entirely separate it may be possible to press into the service of the New Land Mortgage Bank the experience and expert knowledge of the organization which has been so successful in the working of the Bank of Mysore. The Committee accordingly propose that the - Final scheme of Land Mortgage Bank may be referred to the Bank of Mysore for submitting suitable ~~proposals~~ recommendations in the matter of Govt.

Opening Branches in the Civil & Military Station and outside the State.

(2) The Committee consider it desirable that a Branch of the Bank of Mysore may be opened at the Bangalore Cantonment. Mr. Garudachar suggested that the Bank might also be permitted to open branches in one or two places outside the State, say in Madras or Bombay, to attract deposits from those places. The Committee think that there are difficulties in the way of giving effect to this proposal and that as there is much to be done in the State

In connection, the committee beg to record their appreciation of the valuable assistance that has been rendered to them by the Secretary, Mr. B. Sreenivasa Iyengar

itself by the Bank the proposal may be deferred.

(3) The training of young men in Banking work.

There are 37 small Joint Stock Banking Institutions spread over all parts of the State with a paid up - capital of nearly 9.75 lakhs of rupees. They are more or less in a moribund condition mainly owing to lack of experience in Commercial Banking and want of proper guidance. It will be advantageous to the country if the Bank of Mysore can devise a scheme whereby such of these institutions as are willing to come under its protection may be assisted and controlled by it and made to do useful work. The expansion of business of the Bank of Mysore is also handicapped for want of trained staff. The Committee consider that a - systematic arrangement is necessary for the training of the young men of Mysore in all branches of Banking and that the Bank may be asked to formulate detailed proposals in the matter.

I have the honour to be,

Sir,

Your most obedient servant,

30.4.1926

Secretary to the Committee.

Statement showing the names of the members present at the several meetings of the Mysore Bank Committee,

Ist Meeting - 15th March 1920.

P R E S E N T .

A.R.Banerji, Esq., M.A., I.C.S., C.I.E., First Member of Council (Chairman)

M E M B E R S .

1. Rajasabhabhushana Dewan Bahadur K.P.Puttanna Chetty, Esq., C.I.E.,
2. W.C.Rose, Esq., Manager, Bank of Mysore.
3. B.K.Garudachar, Esq., Director, Bank of Mysore Ltd.,
4. K.Shankaranarayana Rao, Esq., M.A., B.L., Government Advocate.
5. V.Rangaswami Iyengar, Esq., A.C.E., B.C.E., Director of Industries and Commerce in Mysore.
6. M.N.Krishna Rao, Esq., B.A., Financial Secretary to Government.
7. P.G.D'Souza, Esq., B.A., B.L., Secretary to Government, Education and Agriculture Departments.
8. T.Satyaraj Chetty, Esq., B.A., Comptroller to Government.
9. R.Ranga Rao, Esq., B.A., B.L., Registrar of Co-operative Societies in Mysore.
10. C.Ranganatha Rao Saheb, Esq., B.A., B.L., Private Secretary to the Dewan.

B.Sreenivasa Iyengar, Esq., B.A., B.L., Secretary to the Committee.

IInd Meeting 17th March 1920.

All the members were present.

IIIrd Meeting 26th March 1920.

All the members attended except Messrs.D'Souza and T.Satyaraj Chetty who were unavoidably absent.

IVth Meeting. 31st March 1920.

P R E S E N T .

A.R.Banerji, Esq., M.A., I.C.S., C.I.E., (Chairman)
1. Rajasabhabhushana Dewan Bahadur K.P.Puttanna Chetty Esq., C.I.E.,
2. W.C.Rose, Esq., Manager, Bank of Mysore.
3. B.K.Garudachar, Esq., Director, Bank of Mysore.
4. K.Shankaranarayana Rao, Esq., M.A., B.L., Government Advocate.
5. V.Rangaswami Iyengar, Esq., A.C.E., B.C.E., Director of Industries and Commerce in Mysore.
6. M.N.Krishna Rao, Esq., B.A., Financial Secretary to Government.
7. T.Satyaraj Chetty, Esq., B.A., Comptroller.
8. R.Ranga Rao, Esq., B.A., B.L., Registrar of Co-operative Societies.
9. C.Ranganatha Rao Saheb, Esq., B.A., B.L., Private Secretary to the Dewan.
10. B.Sreenivasa Iyengar, Esq., B.A., B.L., Secretary to the Committee.

Proceedings of the Government of H.E
the Maharaja of Mysore.

R e a d :-

A

1. Government Order No.Fl.5600-49/
C.F.93-19-11 dated 9th March 1920 appoin
ing a Committee for examining the positio
of the Bank of Mysore and submitting re-
commendations for increasing its resource
and enhancing its usefulness.

B

2. The Report of the above Committee
dated 3rd May 1920. (Printed as Appendix

Order No. Fl. 3104-53/17 93-

Dated Bangalore, the 12-11-20

A

In their order of 9th March 1920
Government appointed a Committee consi
of the First Member of Council (Chairm
and 12 Members to examine the position o
the Bank of Mysore and to submit recommen
tions for increasing its resources and en
hancing its usefulness. Government have
perused with interest ~~the~~ the report submitte
by the Committee and are pleased to pas
the following orders :-

Increase of Capital.

2. The demand for Banking facilities
in the State has largely increased and
is still increasing. The resources at t
disposal of the Bank of Mysore are not
adequate for meeting the growing demands
and a large proportion of the trade of
the State is still untouched by the Bank

The

The volume of deposits with the Bank has increased and as the amount of capital is comparatively small and has also remained stationary, there has been a gradual decrease in the ratio of capital and reserv to expanding deposits. The need for increasing the share capital has been recognized by the authorities of the Bank and the Committee advise that the authorised capital of the Bank may, for the present, be raised to 50 lakhs and that the whole of the new capital of 30 lakhs be called up as required, from time to time. Government endorse the suggestion of the Committee and commend it for acceptance and early action by the Bank.

Whether Government should contribute any part of the new capital or not is a question on which the Committee are divided in their opinion. The majority of the members consider that it is not desirable for Government to be in the position of a shareholder, and Government agree in this view.

Extension of Banking facilities.

3. Government attach great importance to the rapid extension of Banking facilities in the State and they would be glad to see as early as possible, fully equipped branches of the Bank of Mysore at the headquarters of every district and also at all other important centres of trade and business. The Committee recommend that the Bank should aim at having six additional branches in the course of the next three years, one in each of the towns of Hassan,

Chitaldrug and Kolar, and three more in other principal towns. Government trust that the Bank will take steps to provide for this moderate expansion in the next three years.

Transfer of Government Treasury work to the Bank.

4. It is the policy of Government to transfer the cash work of their treasuries to the Bank at all places where the latter makes adequate arrangements for the conduct of such work. The suggestions of the Committee which are calculated to give effect to this policy commend themselves to Government and as recommended by them, the details of the arrangement for giving effect to the transfer of work will be considered by a Committee consisting of the following :-

1. The Revenue Commissioner(Chairman)
2. The Comptroller to Government.
3. The Chairman of the Board of Directors of the Bank of Mysore.
4. Manager of the Bank of Mysore.

The Committee are requested to submit their report before the end of ~~October 1929.~~ December January 192/

Transfer of Public Debt business.

5. The close co-operation of the Bank with Local Bodies and Government in the work relating to their public debts has many advantages and Government accept the recommendations of the Committee, for the transfer, as far as possible, of such work to the Bank. District Boards and Municipal Councils who have already raised public loans are requested to consider whether the work relating to such loans may not, with advantage, be transferred to

the Bank and to submit proposals, in consultation with the Bank, for effecting such transfer. As regards similar loans of Government, the Comptroller is requested to report what work relating to them may be transferred to the Bank.

Definition of relation between Government and the Bank.

6. Government agree with the Committee that the question of placing the constitution of the Bank on a statutory basis may be deferred for the time being and that the relation between the Bank and Government may continue, for the present, to be defined by conditions incorporated in the Memorandum and Articles of Association or in separate agreements on particular matters. A Committee consisting of the Chairman of the Board of Directors (Chairman), the Manager of the Bank of Mysore, the Financial Secretary and the Government Advocate will submit the drafts of the revised Memorandum and Articles of Association and the agreement for giving effect to the several recommendations contained in para 8 and to 11 of the Committee's Report.

Government representation:-- The transfer of larger Government balances and of treasury work to the Bank as well as its close association with Government in all matters affecting the financing of trade and industries in the State render it necessary to provide for proper representation of Government on the Directorate of the Bank and Government accept the recommendations of the Committee in this respect.

Other recommendations.

7. Government would be glad to use the agency of the Bank, as far as possible, in connection with the Land Mortgage Scheme in contemplation, which will be referred to the Bank in due course.

The suggestions of the Committee regarding the opening of a branch of the Bank in the Civil & Military Station and the training of young men in Banking work are commended to the Bank.

Industrial Finance.

8. The recommendations of the Committee in regard to Industrial Finance are reserved for separate consideration.

Government desire to convey to ~~the Chairman and Members~~ of the Committee their thanks for the valuable suggestions offered for the solution of the many important problems connected with the development of banking placed before them.

11.9.20

Financial Secretary to Govt

To

The 10½ Members of the Committee.
The Hds. of Depts.
" Dy Comrs. of D-B.
Press Table
Gazette.

3 Copies
12/11

OFFICE OF THE REVENUE COMMISSIONER
IN MYSORE.

No. C. 3054/Gl. 20-21 Bangalore, 14th February 1921

FROM

K. R. SRINIVASIENGAR ESQ., M.A.,
Revenue Commissioner in Mysore.

To

The Secretary to the Government of
His Highness the Maharaja of Mysore,
Financial *Department.*

SIR,

Adverting to Government Order No. Fl.3104-53 G.F.93-19 dated 13th November 1920 appointing a Committee consisting of the marginally noted Members to consider details of the arrangements to be made for the transfer of the cash work of the Government Treasuries to the Bank of Mysore, I have the honour to state that the Committee met at the office of the Revenue Commissioner on Wednesday, the 1st December 1920 and Saturday, the 15th January 1921, and discussed the subject in all its aspects. A copy of the proceedings of these meetings is herewith attached.

1. The Revenue Commissioner in Mysore. (Chairman).
2. The Comptroller to Government.
3. The Chairman of the Board of Directors of the Bank of Mysore.
4. The Manager of the Bank of Mysore.

2. The main recommendations of the Committee are as follows:--

(1) As the Bank of Mysore will undertake only the cash work including the custody of treasure and its remittance from place to place, the Accounts Branch of the Treasury should continue to work at its full present strength under the Treasury Officer for the preparation and compilation of the accounts relating to the District and Taluk Treasuries.

R. C. 4.

From

K.R. SRINIVASIENGAR ESQ., M.A.,
Revenue Commissioner in Mysore.

To

The Secretary to the Government of
H. H. the Maharaja of Mysore,
Financial *Department.*

Dated Bangalore, 14th February 1921.

Despatched

Received

General No.

Enclosure No.

SUBJECT.

Submitting recommendations of the Committee appointed to consider details of arrangements to be made for transfer of the cash work of the Government Treasuries to the Bank of Mysore

- - - - - - -

(2) The Bank will ordinarily receive and make payments only on chellans and bills etc., authorized by the Treasury Officer under the Civil Account Code. For this purpose, it is necessary that the Bank and the Treasury Officer's office should be close to each other, so that the public may not be put to inconvenience in presenting chellans, bills etc., to the Bank after they are authorized by the Treasury Officer. In certain cases, however, and with a view to afford greater convenience to the public, the Bank may be permitted to receive and make payments direct without the authorization of the Treasury Officer. The Comptroller has kindly promised to furnish a list of such cases. In this connection, attention is invited to the discussions embodied in para 2 of the proceedings of the Meeting held on the 15th January 1921.

(3) In view of the absence of suitable accommodation for the Bank close to the District Offices in the mofussil stations, the scheme of transferring the Treasury work to the Bank may be tried in Bangalore in the first instance, (effect being given to it from 1st of July 1921), and the question of extending it to the other stations deferred for the present. The Treasury Officer at Bangalore and his staff may be accommodated, either in the present District Office building or in the new block of buildings under construction in the District Office compound, so that they may be close to the Bank building.

(4) As regards the custody of stamps of which the State Huzur Treasury Officer is now in charge as Superintendent of Stamps, the Treasury Officer may continue as Stamp Superintendent, if the Stamp Depot can also be shifted to the District Office building where it is proposed to accommodate the Treasury Officer; but, if this cannot be done, he may be relieved of the work, and one of the Assistant Comptrollers or other officers located in the Public Office buildings appointed as Superintendent of Stamps, Ex-officio.

(5) The Bank will receive cash chests and boxes containing valuables and documents from Public Offices for safe custody in the same manner and on the same terms as the Government Treasuries are now doing. It will take over 'Public Debt Work' at Bangalore, such as payment of interest on Government loans etc. It will receive Savings Bank deposits and make payments, the ledgers relating thereto being maintained in the Accounts Branch of the Treasury as at present. Payments of Military pensions will be made by the Bank on the presentation by the pensioner of a token or disc issued by the Treasury Officer.

(6) The Bank will take over, on loan for the present, the services of the entire establishment of the cash Section of the State Huzur Treasury, on the understanding that it will be at liberty to send back any of the officials who may be found unsatisfactory or who may not be required by the Bank at any time.

(7) The present Committee may be retained for some time, so that it may watch the working of the arrangement and submit proposals to Government for any modifications that may have to be made therein from time to time in the light of actual experience.

I have the honour to be,
Sir,
Your most obedient servant,

Revenue Commissioner.

M.B.R.

R. C. 4.

9793-19

From

The *Revenue Commissioner in Mysore.*

To

The Secretary to the Government of
H. H. the Maharaja of Mysore,
Financial *Department.*

Dated 19th February 1921.

Despatched 22

Received 23 FEB 1921

General No. C. 1860/19-20-21

Enclosure No.

SUBJECT.

Re the transfer of the Government Treasury work to the Bank of Mysore.

Put up with the file at once

18

23/2

OFFICE OF THE REVENUE COMMISSIONER
IN MYSORE.

No. C. 1860/Gl. 20-21 Bangalore, 19th February 1921.

FROM

Diary No. 3362

K.R. Srinivasiengar, Esq., M.A.,

1919 1920
67

Revenue Commissioner in Mysore.

To 93-19

30 *The Secretary to the Government of*
His Highness the Maharaja of Mysore,
Financial *Department.*

SIR,

In continuation of my letter No.C.3034/Gl.20-21 dated 15th February 1921 reporting the recommendations of the Committee to consider the details of the arrangements to be made for the transfer of the Government Treasury work to the Bank of Mysore, I have the honour to forward herewith copy of letter dated 16th February 1921 from Dewan Bahadur Mr. K.P. Puttanna Chetty, Chairman, Bank of Mysore, Ltd., stating that sufficient facilities exist in Mysore for transferring the Treasury work to the Bank and requesting to move the Government to give effect to the Scheme in the Mysore District also from 1st July next.

2. If the Government agree to the proposal made by the Chairman, the Deputy Commissioner of Mysore will be consulted as to the suitability of the building proposed for the accommodation of the District Treasury Office and a report submitted to Government in the matter.

3. With regard to the accommodation for the Huzur Treasury Officer at Bangalore, the Deputy Commissioner will, if approved by Government, be asked to report if accommodation can be found for him either in the present District Office building or in the

new

new building under construction as suggested by the Committee.

I have the honour to be,

S i r,

Your most obedient servant,

Revenue Commissioner.

B.R.

Letter dated the 16th February 1921 from the Chairman, Bank of Mysore, to the Revenue Commissioner in Mysore.

In continuation of the Proceedings of the Committee which met to consider the question of the Bank of Mysore taking over the cash work of the Government Treasuries I have the honour to bring to your kind notice that I have just returned from a visit to Mysore where I found that the axx arrangements for taking over Government Treasury work can be effectually carried out almost at once. The -- Treasury Officer and his staff may be conveniently located in the old Bank building (formerly Art Warehouse) which has a separate entrance and exit both for the ground floor and the upper storey. Two new rooms have since been added to this part of the building and altogether the accommodation is more than sufficient for the Treasury Officer and his establishment and records. This building is worth Rs.100/- a month and is situated on the Sayaji Rao Road and in juxtaposition to the New Bank Building. Taken altogether ideal conditions exist in Mysore for bringing the new system into operation, even more so than in Bangalore, Mr. Rose agrees in this view and I would therefore request you to move the Government of Mysore to include Mysore in the arrangements to be brought into force from 1st July next.

In Bangalore, the proposal is to locate the Huzur Treasury Officer in the New District Offices Building, but if this be found inconvenient, I might suggest that the building now occupied by the Surgeon in charge of the Lunatic Asylum might be made available for the Huzur Treasury Officer. This building is in juxtaposition to the new Bank Building and would be a great convenience to the Public. The Surgeon

might

might be given a house rent allowance to engage accommodation not far from the asylum.

"C O P Y"

Revenue Commissioner.

K.G.

HK.

Draft. Re 5631
4793-19-37

To

The Revenue Commissioner in Mysore.

Sir,

With reference to your letter No.C. 3081 dated 15th ~~instant~~ Feb 21 submitting the recommendations of the Committee appointed to consider details regarding the transfer of treasury work to the Bank of Mysore and your further letter No.C.1883/ 31.20-21 dated 22nd ~~idem~~ Feb 21 on the subject, I am directed to state that in regard to the Committee's proposal to give effect to the Scheme in Bangalore from 1st July 1921, the Deputy Commissioner, Bangalore, may be asked to report if accommodation can be found for the treasury officer and his staff in the present District office building or in the New building under construction.

2. As, according to the arrangement proposed by the Committee, the State Huzur Treasury officer will have his office shifted from the Public Office Buildings, it has to be considered whether the officer should continue to be subordinate to the Comptroller, or whether the administration of the Treasury at Bangalore may not be transferred to the Revenue Department, and the Deputy Commissioner placed in charge of the Bangalore Treasury as in other Districts.

3. The Stamp Commissioner's opinion is being invited regarding the ~~xxxxx~~ future arrangements for the work of the Stamp Superintendent, now looked after by the State Huzur Treasury -

Officer.

4. If it is found desirable to relieve the State Huzur Treasury Officer of the Stamp - Superintendent's work, ~~the~~ question arises as to whether he will have sufficient work to occupy his whole time and whether it may - not be possible to abolish the post of an - Assistant Comptroller and entrust the work of the Treasury Officer at Bangalore to one ~~of~~ the officers subordinate to the Deputy - Commissioner, namely his Personal Assistant and Civil Officer, of the City Magistrate, in addition to other work.

This aspect of the case requires also to - be considered and I am to request the favour of your views in the matter in consultation - with the Deputy Commissioner, Bangalore .

5. As regards the proposal made by the - Chairman of the Bank of Mysore for introducing the scheme in the Mysore District also from 1st July next, You may as proposed consult the Deputy Commissioner, Mysore and submit - your final recommendations for the orders of Government.

6. Reference is invited in this connection to para 10 of the proceedings of the Committee and the alternative proposal of locating the Mysore - Treasury staff in the building occupied by the City Magistrate, and of appointing that officer Treasury Officer ex-officio, as - suggested for Bangalore may also be considered

I have etc.,

Financial Secretary to Government.

Draft approved by Fin. Secy. 18/2/21

Draft. No. H5632
4293-19-32
8 March/41

To

The Commissioner of Stamps in Mysore

Sir,

I am directed to forward for your information a copy of letter No. C. 3034 dated 15th February 1931 from the Revenue Commissioner submitting for the orders of Government the recommendations of the committee appointed to consider the details regarding the transfer of treasury business to the Bank of Mysore.

The Committee recommends that the scheme may be tried in Bangalore in the first instance from 1st July 1931 and the Treasury Officer and his account staff may be located in the District offices with (old or new buildings under construction) so as to be close to the Bank where the Cash work is to be conducted.

As the Huzur Treasury Officer at Bangalore is also the Stamp Superintendent, it has to be considered in this connection whether the Stamp Depot can also be conveniently shifted to the District Office premises or ~~whether the Depot may remain in the first~~ other arrangements are necessary for the work of the Stamp Supt- ~~place, one of the officers located in the Public Office Buildings will be appointed Superintendent of Stamps ex-officio.~~

I am accordingly to invite your views and suggestions in the matter of arranging for the Stamp Superintendent's work in the event of the transfer of Cash Work to the Bank ~~to be~~ being decided upon by Government from 1st July 1931. I have etc.,

Secs 4.3.21

Fin. Secy. 26.2.2

R. C. 4.

36

63202

From

K.R. SRINIVASIENGAR ESQ., M.A.,
Revenue Commissioner in Mysore.

To

The Secretary to the Government of
H. H. the Maharaja of Mysore,
Financial *Department.*

Dated Bangalore, 30th March 1921
Despatched 1/4/21
Received 2 APR 1921
General No. C·1860/2021
Enclosure No. Two

SUBJECT.

Submits report re: the transfer of Treasury work to the Bank of Mysore at Bangalore and Mysore.

- - - - - - -

3362

No. F.1.6 WO. 10-3

OFFICE OF THE REVENUE COMMISSIONER IN MYSORE.

Bangalore, 30th March 1921.

FROM

3806

19 - 1920
G7
93-19
33

K. R. SRINIVASIENGAR ESQ., M.A.,
Revenue Commissioner in Mysore.

To

The Secretary to the Government of
His Highness the Maharaja of Mysore,
Financial *Department.*

SIR,

31

Referring to your letter No. Fl.5631/G.F. 93-19 dated 8th March 1921 calling for certain information regarding the transfer of the cash work of the Huzur and the District Treasuries to the Bank of Mysore at Bangalore and Mysore, I have the honour to forward herewith copies of the marginally noted letters received from the Deputy Commissioners of Bangalore and Mysore, and to state as follows:--

1. D.1 Dis.150/20-21 dated 22nd March 1921 from the Deputy Commissioner, Bangalore District.
2. D.1 Dis.347/20-21 dated 23rd March 1921 from the Deputy Commissioner, Mysore District.

2. The Deputy Commissioner of Bangalore considers for reasons detailed by him, that it is not desirable or possible to entrust the Treasury work either to his Personal Assistant or to the City Magistrate in addition to their duties and has urged that a separate Treasury Officer is necessary as at present. I fully agree with him and beg to recommend that a full time Treasury Officer be given to the Bangalore District and that he may be placed under the Deputy Commissioner, the appointment of the Huzur Treasury Officer under the Comptroller being abolished. As regards the accommodation required for the Treasury Officer, the Deputy

Commissioner reports that he can be accommodated either in the present District Office building or in the new building under construction in the District Office compound.

3. With regard to the Mysore District Treasury also, I agree with the opinion of the Deputy Commissioner that it is not ~~possible~~ desirable to saddle the City Magistrate with the Treasury work, as it will be impossible for him to do justice to the duties of both the offices. The Deputy Commissioner considers that the old Bank building proposed for the location of the Treasury Officer and his staff is unsuitable and unsafe for the custody of stamps to the value of some lakhs of Rupees. He, therefore, suggests that matters may be left as they are at present. I am not, however, quite satisfied with the Deputy Commissioner's report in the matter; and shall submit a further report to Government in consultation with the Deputy Commissioner and after a personal inspection of the old Bank building.

I have the honour to be,

Sir,

Your most obedient servant,

Revenue Commissioner.

M.B.R.

Letter No. D.1 Dis.347/20-21 Rev. dated 23fd March 1921 from the Deputy Commissioner, Mysore District, to the Revenue Commissioner in Mysore.

- - - - - - -

With reference to your C.No.1860/G1.20-21 dated 11/14th March 1921 in re: the proposed transfer of the District Treasury Cash work to the Bank of Mysore, Mysore, I have the honour to state that I am not in favour of saddling the City Magistrate with the additional work of the Treasury as he is already overworked and could not cope with this heavy work as well and that I consider the location of the Treasury Officer and his establishment in the old Bank Building at Sayaji Rao Road very undesirable as the said building is not well suited for the purpose and is not safe, either, to hold Stamps -- General, Court fees and Postal -- to the face value of nearly Rupees four lakhs which the Treasury Officer has generally under his custody.

I recognize that, if the Treasury Officer and his establishment is left at the Public Offices and the cash transactions only are transferred to the Bank Buildings, it will cause a lot of inconvenience to the Public who have first to come to the Treasury Officer for his authorization and then go to the Bank for the payment of their bills etc., but I cannot see how this could be obviated consistently with the safety of Government interests. If my views are correct, it is obvious that things should remain as they are.

- - - - - - - -

" C o p y "

Revenue Commissioner.

M.B.R.

1881

Letter No. D.1 Dis.150/20-21 dated 22nd March 1921 from the Deputy Commissioner, Bangalore District, to the Revenue Commissioner in Mysore.

- - - - - - - -

With reference to your letter No. C.1860 of 1920-21 dated 11th instant, requesting information on certain points in connection with the proposal to transfer the Huzur Treasury cash work to the Bank of Mysore at Bangalore with effect from the 1st July 1921, I have the honour to state as follows:--

2. As regards the question whether accommodation can be found for the Huzur Treasury Officer and his staff in the present District office building or in the new building under construction in the District office compound, I have the honour to state that accommodation can be provided for the above officer and his staff in the present District office building, a re-allocation of the accommodation available in the present building and the new building being made.

3. As regards the 2nd proposal, viz., the placing of the Treasury officer and his staff in subordination to the Deputy Commissioner instead of the Comptroller, I am agreeable to it, as it would be in conformity with the practice obtaining in the other Districts of the State.

4. As regards the proposal to entrust the work of the Treasury Officer to the Personal Assistant to the Deputy Commissioner or the City Magistrate, I am of opinion that the arrangement is not feasible and that a full time Treasury Officer, is required for the satisfactory discharge of Treasury work.

5. The Personal Assistant to the Deputy Commissioner has now got sufficient work as follows:--

(1) Supervision and control of work in the District Office.
(2) Revenue charge of Bangalore Taluk.
(3) Civil Officer.
(4) Acquisition work.

Work in connection with items Nos. 2 to 4 requires him often to go on inspections and on such occasions some other arrangement would have to be made every now and then for Treasury work. Treasury work will also affect his usefulness in his capacity as Personal Assistant to the Deputy Commissioner and Assistant Commissioner in charge of Bangalore Taluk.

6. I am also against the proposal of entrusting Treasury work to the City Magistrate, who has a heavy criminal file. The necessity of frequently attending to Treasury work, while actually trying cases, with lawyers and parties waiting in the Court, will impede the quick disposal of the cases, besides giving rise to complaints from the Bar. Nor, is it possible to entrust the work to any of the Munsiffs. Under the circumstances, a full time Treasury Officer will be necessary as at present.

- - - - - - -

" C o p y "

2 Revenue Commissioner.

M.B.R.

G. R. S. VI—G/32]

SUBJECT.....

.....

.....

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

, the *191* .

Date of issue 26 April/21

Signed by W B Stemming

Section

File No.

Serial No

No. 26467

To

The Comr. of Stamps

Sir

I am directed ~~to~~ inviting refee to this office letter no. H. 5632/ S.A. 93-19-32 dt 8th March 21 ~~requesting to favour Govt with~~ inviting your views & Suggestions in the matter of arranging for the Stamp Supdt's work in the event of the transfer of Mysore cash work to the bank being decided upon by Govt from 1st July 1921.

over.

v.
~~receive~~ to request you to expedite
admission of your reply in
~~mailed~~.

I have etc.

18
25/4
for H. Secy.

hKR
8.4.74
HM
8/4

List of enclosures.

Copied by

Examined by

R. C. 4.

From

K.R. SRINIVASIENGAR ESQ., M.A,
Revenue Commissioner in Mysore.

To

The Secretary to the Government of
H. H. the Maharaja of Mysore,
Financial *Department.*

73357

Dated Bangalore, 29th April 1921.
Despatched 30 May
Received 18 APR
General No. C. 1860/20-21
Enclosure No.

SUBJECT.

Re: the transfer of Treasury work to the Bank of Mysore at Mysore.

- - -

1) Please Maintain file.
2) Remind. Stamp Comm.
16
3/5

OFFICE OF THE REVENUE COMMISSIONER
IN MYSORE.

C. No. 1860/20-21 Bangalore, 30th April 1921

FROM

Dis. No. 4976

20 21

G7

93-19

To

K. R. SRINIVASIENGAR ESQ., M.A.,

Revenue Commissioner in Mysore.

The Secretary to the Government of
His Highness the Maharaja of Mysore,
F i n a n c i a l *Department.*

SIR,

Adverting to para 3 of my letter No. C. 1860 G1.20-21 dated 30th March/1st April 1921 to you in which I had promised to submit a further report to Government about the location of the Treasury Officer and his staff in the old Mysore Bank buildings at Mysore after a personal inspection of the building and in consultation with the Deputy Commissioner, I have the honour to state that I inspected the building and also had a talk with the Deputy Commissioner when I was at Mysore on the 18th instant. There is quite sufficient accommodation in the building for the Treasury Officer and his staff and, I think, it is also possible to make suitable arrangements for the safe custody of the stamps in the building itself by making some slight alterations in the building, which, I have no doubt, the Bank would be prepared to do if required by Government. The only objection that can be urged against the removal of the Treasury Officer to the Bank building is that he will be at a distance from the Deputy Commissioner and cannot, therefore, help him materially in respect of work in the District Office. But, in view of the fact that the District Treasury work at Mysore is said to be heavy enough to keep the Treasury Officer fully engaged and that there is another Personal Assistant to the Deputy Commissioner to help him in supervising the work of the District Office,

I do not think that any serious inconvenience will be caused by the Treasury Officer being accommodated at some distance from the District Office.

2. While I think that the District Treasury Officer and his staff can be conveniently accommodated in the old Bank buildings, I am at the same time of opinion that, before handing over the Treasury cash transactions at Mysore to the Bank of Mysore, it is desirable to watch the working of the arrangement at Bangalore for about a year, and then extend it to Mysore, if necessary.

I have the honour to be,

Sir,

Your most obedient servant,

Revenue Commissioner.

30/4/21.

K.B.R.

G. R. S. VI—G/32]

SUBJECT.....

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

, the *191* .

Date of issue 16/5/21

Signed by W B Greenway

Section

File No.

Serial No.

No. 7E6459 of 16 Kang 2

To The Comrs of Stp

Sir Jamdanir

~~I~~ invite

h this office letter no

6467 & 21th April 21 Re quest

you to expeditе Sub-

mission of ~~the Report~~ Calls

for in blo no HE 5632 1 &

93 19-32 & 8th March 21

in the matter of arrang

for the Stamp Supp.ts ws

in the event of Rampfe

over.

cash ~~notes~~ to the Ulyssee Bank
from 1st July 1921, ~~I am asked~~
to ~~State what the reply~~ your
~~reply is exclusive~~ I to ~~enquire~~ ~~by you despatch~~
when the same can be
expected.

I have &c.

18
13/5

~~For the Secretary~~

DAKAR
4.5.

List of enclosures.

Copied by

Examined by

BY No. 4496

No.
C.R. 160/20-21.

Office of the Commissioner of Stamps
in Mysore,
Dated, Bangalore, 20th May 1921.

From

B. Shamanna Esq.,B.A.,L.C.E.,
Assistant Commissioner in charge of the
Office of the Commissioner of Stamps
in Mysore, Bangalore

To

M.N.Krishna Rao Esq.,B.A.,
Financial Secretary to the Government of
H. H. the Maharaja of Mysore,
Bangalore.

Sir,

With reference to your letter No.5632/G.F.93-19 dated 8th March 1921 calling for my views and suggestions in the matter of arranging for the Stamp Superintendent's work in the event of the cash work of the State Huzur Treasury being transferred to the Mysore Bank from 1st July 1921, I have the honor to state that I am of opinion that the Establishment of the Stamp Superintendent's office together with all the stock of stamps and blank water-marked papers may also be shifted to the old or new District office buildings as the case may be and placed under the control and management of the Treasury Officer as at present, proper arrangements being however made for the guard of stamps and special water-marked papers at all times except office hours.

I have the honor to be,
Sir,
Your most obedient servant,

Assistant Commissioner in charge of the office of the Commissioner of stamps.

NSN

00546

GPB—12,000—3-7-15

191

From

The ~~Assistant~~ Commissioner in Charge of the office of the Commissioner of Stamps in Mysore Bangalore

To

The Financial Secretary to the Government of H. H. the Maharaja of Mysore. Bangalore

Dated 20-5-21

Despatched 20-5-21

Received

GEN & REV. 20 MAY 192

General No. C R. 160/20-21

No.

Enclosure No. nil

Submitting his opinion in ~~the~~ matter of arranging for the Stamp Superintendent's work, if the Cash work of the State Mysore Treasury is transferred to the Mysore Bank

Yours) 18/5/21